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Before the Committee on Appropriations

Commerce, Justice, Science, and Related Agencies Appropriations

Fiscal Year 2007

109th CONGRESS, SECOND SESSION

H.R. 5672

PART 5

DEPARTMENT OF COMMERCE
DEPARTMENT OF JUSTICE
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
NONDEPARTMENTAL WITNESSES

Commerce, Justice, Science, and Related Agencies Appropriations, 2007
(H.R. 5672)—Part 5

**COMMERCE, JUSTICE, SCIENCE, AND RELATED
AGENCIES APPROPRIATIONS FOR FISCAL YEAR
2007**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

H.R. 5672

AN ACT MAKING APPROPRIATIONS FOR SCIENCE, THE DEPARTMENTS
OF STATE, JUSTICE, AND COMMERCE, AND RELATED AGENCIES FOR
THE FISCAL YEAR ENDING SEPTEMBER 30, 2007, AND FOR OTHER
PURPOSES

PART 5

**Department of Commerce
Department of Justice
National Aeronautics and Space Administration
Nondepartmental Witnesses**

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COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2007

WEDNESDAY, APRIL 5, 2006

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:02 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby, Stevens, Mikulski, Leahy, Kohl, Murray, and Harkin.

DEPARTMENT OF JUSTICE

OFFICE OF THE ATTORNEY GENERAL

STATEMENT OF HON. ALBERTO R. GONZALES, ATTORNEY GENERAL

OPENING STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. The subcommittee will come to order.

I want to welcome Attorney General Alberto Gonzales to the subcommittee. He has been here before. And also, my second panel, we will have the Federal Bureau of Investigation Director Robert Mueller, Drug Enforcement Administration Director Karen Tandy, Bureau of Alcohol, Tobacco, Firearms and Explosives Director Carl Truscott, and U.S. Marshals Service Director John Clark who will be appearing before the subcommittee this afternoon.

Mr. Attorney General, in reviewing the Justice Department's budget request and anticipating the budget constraints weighing upon us due to the war on terror and the natural disasters that devastated the gulf coast, I believe it will take your unified leadership to make the tough choices regarding the allocation of scarce resources in this bill.

FISCAL YEAR 2007 BUDGET REQUEST

The fiscal year 2007 budget request for the Department of Justice is \$20.8 billion and represents a 0.5 percent decrease over the fiscal year 2006 enacted level. While this request proposes increases for the FBI, the U.S. attorneys, and the U.S. Marshals Service, it proposes cuts to local law enforcement assistance programs and other critical areas that are troubling. In particular, it recommends a \$1.6 billion decrease for State and local law enforcement programs. It proposes to rescind \$142 million for the con-

struction of two new Federal prisons and includes the same failed \$120 million mandatory fee on explosives manufacturers to fund the day-to-day operations of critical law enforcement activities.

The budget request for the FBI provides \$6 billion, an increase of 6 percent over the fiscal year 2006 enacted level. As the former chairman of the Senate Intelligence Committee, I know firsthand the challenges facing the Bureau's new national security branch, which is responsible for coordinating intelligence activities with the Director of National Intelligence. The Bureau's budget request seeks to permanently realign 300 special agent positions from criminal investigations to counterterrorism, to support the work of the NSB.

This shift in resources signals the importance of reprioritizing funding and personnel to the threat of terrorism. However, this realignment may not go far enough, as the budget request only adds one new agent position for this upcoming year. Instead, the FBI budget funds a variety of technological improvements for intelligence infrastructure, information technology management, information technology infrastructure, and the next generation of the much-maligned Trilogy program.

This subcommittee and the Bureau share the difficult task of targeting these resources in a manner that safeguards taxpayers' dollars while preserving public safety.

The FBI's former \$537 million technology initiative, Trilogy, while providing primitive functionality, was hardly a sound investment for the taxpayers. I was disappointed to learn that after spending in excess of \$170 million, Trilogy's Virtual Case File system was basically a failure. This represents a devastating blow to the information technology needs of the FBI.

The 2006 Government Accountability Office Trilogy report raises serious questions about the FBI's ability to oversee and to build any type of information technology system. The FBI's new technology initiative, Sentinel, like Trilogy, promises to bring the FBI into the 21st century. This new technology, I believe as you do, is critically important, but I remain concerned that the FBI does not possess the necessary project management expertise, nor do I feel that the FBI has applied lessons learned from past mistakes. We hope so.

And while I support and realize the importance of information technology to the FBI's mission, as you do, I cannot support unlimited and unchecked resources. I do not believe this subcommittee would do that. We will not tolerate broken promises for results that were never realized or delivered, such as Trilogy.

Given one failed attempt, Mr. Attorney General, I believe it is imperative that you proceed with caution to ensure that the FBI does not make the same mistakes. I expect results. We do here, and I will do everything we can to ensure there is a thorough congressional oversight for this program.

The budget request for the Bureau of Alcohol, Tobacco, Firearms and Explosives imposes a \$120 million tax on explosives manufacturers. I want to point out that even if Congress passed this proposal today, it would take the Department 2 years, I have been told, to begin collecting the fee. If this were true, I do not under-

stand how the Department of Justice proposes to use the receipts from this fee to offset the 2007 ATF budget.

This \$120 million hole is just one example of many contained in this budget request. These shortfalls force the subcommittee to make extremely difficult choices that undermine our ability to fund critical budget increases for hard working, as you have, Department of Justice law enforcement agencies.

While we believe that your new initiatives are extremely important, Mr. Attorney General, it will be difficult to give them consideration when the subcommittee must weigh this request with the numerous proposed rescissions, cuts, and eliminations of local law enforcement programs. State and local law enforcement agencies are the foundation of our Nation's law enforcement community. You know this as the former attorney general in Texas.

These proposed cuts have the potential to significantly weaken the ability of these agencies to protect our communities from traditional crimes, to maintain vigilance in the war on terror and to prepare for catastrophic disasters. Continually proposing major reductions for local law enforcement assistance programs will cripple the police and sheriffs' departments which are fixtures in our Nation's communities.

For the second year in a row, the Federal Bureau of Prisons has disregarded explicit congressional direction to construct new prisons in McDowell, West Virginia, and Burlington, New Hampshire. This year's proposed \$142 million rescission, combined with last year's \$314 million rescission, totals \$456 million in previously appropriated funding for the construction of additional correctional institutions. Not only are we facing significant prison overcrowding here in the country, but the Bureau of Prisons projects, according to what they tell us, approximately 8,500 new prisoners will enter the Federal system this year alone.

I look forward to hearing from you, Mr. Attorney General, first, and then the others later about your visions and the challenges that you see.

Senator Mikulski.

STATEMENT OF SENATOR BARBARA A. MIKULSKI

Senator MIKULSKI. Thank you very much, Mr. Chairman, and I once again, as we open our hearings on the Commerce, Justice, Science appropriations we look forward to working with you on a bipartisan basis to achieve important national goals in terms of public policy and yet be stewards of the Federal purse.

We want to welcome the Attorney General and our top law enforcement team from the FBI, DEA, ATF, and of course, the Marshals Service. Mr. Attorney General, I know we are anxious to get to your testimony, but we want to welcome you. We know that you said your goal was to help secure the American dream for all Americans and to keep America safe. We want to work with you to do that.

Your Department is responsible for protecting America, for your Department is one of the agencies responsible for protecting America from a predatory attack by international or even domestic terrorists and at the same time protect Americans from predatory attacks in our own neighborhood, whether they commit arson against

those people in our community trying to buy a home for the American dream; whether they are the sexual predators stalking and betraying children on the Internet; or whether they are the drug kingpins coming into our community. We need to protect America.

We are concerned, as we look at all of this and the national goals about some of the aspects of the budget, but before we get into the cuts that I am concerned about, we understand that when we look at counterterrorism, which we know is one of your priorities, the FBI does get the largest increase to pay for investigations and technology upgrades.

I share the flashing yellow lights and flashing impatience that has been shared with you by the chairman. I have met with the director of the FBI on our new approach to the case management system, and we are satisfied that a framework has been put in place that we can begin to get the best value in technology and the best value for the taxpayers' dollar. I want to work with the chairman and with the director on important oversight of this system.

At the same time, we do know that while we are upgrading the technology, we need to upgrade our agents and make sure that they have the best training. I am concerned that the facilities at Quantico are aging, that they are tattered; that while our agents are being brought in that we need to be sure that where we train them and how we train them is as modern as the mission that we have given them.

In the areas of agreement, we agree with you on reducing gun violence, ridding our streets of gangs, and keeping the Internet safe for our children, and protecting our fair housing. Those are your national goals, and we want to work with you on that. Yet, what we are concerned about is the cuts to local law enforcement. In my time, I would just like to focus on that, because your national goals, I will get to in there, but no matter how great the FBI, ATF, DEA is, they have to rely on local law enforcement. There is just not enough agents. There will never be enough agents. They have to be the cops on the beat, and they have to be trained. They have to be equipped, and they have to be ready to work with the kind of talent that we are asking.

In my own hometown in Maryland, because we are in the Capital region, we fear a predatory attack from terrorists, and at the same time, we have one of the highest heroin addiction rates in the country, and we need DEA, and ATF has come to our rescue in helping to find people who are trying to burn down the homes of African-Americans moving into new neighborhoods.

So we worry, though, that because the people that were caught were caught by local law enforcement, we are concerned about the cuts of several hundreds of millions of dollars in the Byrne grants and in other local law enforcement areas. So we want to hear from you how you think that is going to work, because as I said to you privately, and I said to you publicly, all of these members will feel this pressure.

We do not want to be into the mother of all earmarking. And we are concerned that if the communities cannot get their money for their policemen through a grant program that is peer reviewed, based on competition, granted on merit, they come to us to be able to do this, to fight crime, upgrade their technology, gang initiatives,

and also deal with this horrendous challenge of meth that is sweeping this country.

So we need to find a way and a wallet to really deal with the local law enforcement that is the underpinnings that support in many ways the efforts of our very talented Federal law enforcement and the variety of agencies that they have. So let us work on those national goals, but really, the gang fighting, so many of these things, are done at the local level.

So, Mr. Chairman, we will follow this up in more extensive conversations.

Senator SHELBY. Thank you.

Senator Stevens.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, thank you very much, and welcome, Mr. Attorney General. I have another committee meeting, as a matter of fact, but I came to emphasize what Senator Mikulski has already addressed, and that is this methamphetamine. The COPS meth hot spots program was authorized for \$99 million. This is a scourge as far as rural America is concerned. And I have got a question I would like to submit for the record and appreciate your answers, Mr. Attorney General.

Thank you very much.

Senator SHELBY. Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Mr. Chairman, I will put my whole statement in the record so we can go to the witnesses.

Senator SHELBY. Without objection.

Senator LEAHY. I would say that I am concerned, and I will raise this in my questions, about the budget cutting of funds for proven anti-crime and anti-drug and community safety efforts. They make a difference in your State, my State, Vermont and elsewhere. I see programs slated for elimination. Cuts include Byrne and the COPS grant, something every police department has benefitted from; the crime victims fund, the bullet proof vest partnership that Senator Ben Nighthorse Campbell and I started; the Violence Against Women Act programs; boys and girls clubs.

We have unlimited amounts of money to build up everything that they want in Iraq. I think we should be worried more about crime victims and rank and file police in the United States.

I will also ask questions about what, in heaven's name, we are allowing somebody as careless as ChoicePoint to get control of our data, but I will put my whole statement in the record, Mr. Chairman, and I will ask those questions.

Senator SHELBY. Without objection, so ordered.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Mr. Chairman, I join you, the ranking member and our colleagues in welcoming all of our distinguished witnesses who are here to testify before our subcommittee today on the Justice Department's fiscal year 2007 budget. I particularly want to welcome Attorney General Gonzales and FBI Director Mueller, both of whom I see from time-to-time when they come before the Judiciary Committee for oversight hearings. Today, however, I am here to wear my appropriator's cap and listen to

them describe and attempt to justify the Justice Department budget request for the coming year.

During recent years, the Justice Department has confronted the daunting challenge of protecting our Nation against international terrorism in the wake of the attacks of September 11, 2001, the subsequent anthrax attack and other threats. All the witnesses before us today deserve credit for their efforts to assure the safety of the American people.

I was disappointed to see, however, that the administration's fiscal year 2007 Justice Department budget request calls for deep cuts in crime prevention programs that State and local police and sheriffs' departments have long relied upon, including key efforts such as Byrne Grants, the Crime Victims Fund, the Bulletproof Vest Partnership Program, and the Violence Against Women Act programs. This budget would undermine proven anti-crime, anti-drug and community safety efforts that are making a difference in Vermont and in communities across the Nation. These budget priorities are out of whack. This budget puts more tax cuts for the rich at the front of the line, while leaving behind crime victims, local police and boys and girls clubs. This is simply irresponsible and wrong.

In the wake of terrorist attacks, I recognize that the Justice Department focused much of its attention on the prevention of terrorism and the promotion of national security. Its top priorities continue to be the prevention, investigation and prosecution of terrorist activities against U.S. citizens and interests, which is evident in the request for \$318.5 million in new investments for the FBI, including counterintelligence activities and justice information systems technology. Unfortunately, the FBI has not always been a good steward of those resources.

It has been almost a year since the FBI announced it would have to scrap the \$170 million IT project known as the Virtual Case File (VCF). I have repeatedly expressed my deep frustration and concern over the millions wasted on "lessons-learned" and the fact that more than 2 years have passed since the original deadline; however, these technology goals are not yet met.

In the year since the FBI announced the VCF's successor, the Sentinel program, I have seen nothing to boost my confidence in the Bureau's ability to manage the status and cost of this project. We learned recently that the FBI estimates that Sentinel will cost the American taxpayers \$425 million to complete and that the full Sentinel system will not be deployed until 2009. The FBI has asked Congress to commit \$197 million to the project between this year and the coming year, but it is already behind schedule and the FBI has yet to solidify its IT goals and plans for achieving them. The President's fiscal year 2007 Budget proposes another \$100 million for the Sentinel project. We must ensure that the FBI's technological capabilities keep pace. To do so requires an emphasis not just on providing funds, but also on effective use and implementation. I hope the latter is not neglected.

No one will argue over the importance of counterterrorism programs. Nonetheless, I am concerned that the DOJ's traditional duties have recently garnered too little attention and support. The Justice Department must lead the Nation in deterring, investigating and prosecuting gun, drug and civil rights violations; incarcerating offenders; partnering with State, local and community groups to prevent crimes; and providing leadership and assistance in meeting the needs of crime victims. In recent years we have seen an end to the downward trend in violent crime, with rates leveling out instead of continuing to decrease. We must not allow daily responsibilities that keep our citizens safe to fall aside.

The President claims that he wants to ensure that our State and local police receive the resources necessary to do the job the American public expects them to do. I am truly frustrated to see, however, that he proposes the elimination or reduction of funding by \$1.31 billion, or 52 percent cut, for programs crucial to State and local law enforcement and terrorism prevention. As a Senator from a rural State that relies in part of Federal grants to combat crime, I am deeply concerned about these cuts.

Under this budget, we would see an end to Byrne Memorial Justice Assistance Grants, which Congress recently reauthorized by law to provide vital grant funding to States to improve the functioning of the criminal justice system, as well as a \$23.3 million cut COPS programs. Police departments nationwide would experience severe reductions in equipment and support staff grants to combat illegal drugs. In my home State, these programs have provided vital funding for the Drug Task Force, which combats the growing problem of heroin use and trafficking, as well as keeps the production and use of highly addictive methamphetamine from infiltrating Vermont's borders.

The Bulletproof Vests Partnership Grant Program plays a vital role in distributing lifesaving bulletproof vests to law enforcement officers serving in the front lines nationwide. I am proud to have authored with our former colleague, Senator

Campbell, the charter to create this program that saves lives and spares injuries of law enforcement officers nationwide by providing more help to State and local law enforcement agencies to purchase body armor. The Vests Partnership is authorized to allow for \$50 million per year through fiscal year 2009 so that this successful program can continue to help protect the lives of State and local law enforcement officers. Indeed, it is so successful that since 1999 it has provided law enforcement officers in more than 11,900 jurisdictions nationwide with nearly 450,000 new bulletproof vests.

The President's budget, however, proposes to drastically reduce funding of this program by almost \$20 million, or by 67 percent. This proposal comes at a time when the Bulletproof Vest Partnership Program is needed more than ever. Compounding the usual funding demand for help to purchase vests, concerns over the effectiveness of Zylon-based body armor vest have resulted in an estimated 200,000 of these vests needing to be replaced. Across our Nation, law enforcement agencies are struggling over how to find the funds necessary to replace defective vests that are less than 5 years old with ones that will actually stop bullets and save lives. We should be making sure that every police officer who needs a vest gets one.

Two more points I would like to make: The Boys and Girls Clubs of America—a proven and growing success in preventing crime and supporting our children—would have its budget reduced by \$25 million, a 30 percent cut. Finally, the President proposes to drain all amounts remaining in the Crime Victims Fund at the end of fiscal year 2007. This represents an estimated cut of \$1.255 billion, and will place crime victim service programs in serious jeopardy. These cuts send the wrong message to our children and crime victims.

Now is not the time to eliminate initiatives that we know to be effective in the prevention, enforcement and aftermath of crime. Strengthening security, information sharing and disaster response programs to combat terrorism must not totally overshadow the prevention of more traditional crimes.

Senator SHELBY. Senator Harkin.

STATEMENT OF SENATOR TOM HARKIN

Senator HARKIN. I just wanted to make one point. Mr. Attorney General, just echoing what Senator Mikulski and Senator Stevens were saying. Methamphetamine. I was looking through your statement, there are drastic cuts in the COPS program and in the Byrne grant program, and when my question comes around, that is what I want to focus on. Because I see no justification for this. We are just having the rug pulled out from underneath our local law enforcement by submitting a budget that zeroes out the Byrne grant program. I will have more to ask you about that when my question comes around.

Thank you, Mr. Chairman.

Senator SHELBY. Senator Kohl.

Senator KOHL. Mr. Chairman, in order to expedite getting to our witnesses, I will forego an opening statement.

Senator SHELBY. Without objection, so ordered.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman, and Ranking Member Mikulski for holding the hearing and Attorney General Gonzales and all the witnesses today. Like my colleagues, I just want to say that I have some serious concerns about the cuts to the Byrne grant and COPS programs. These programs really help reduce crime in communities all across this country, and Byrne grants in particular have allowed my State, the State of Washington, to take on the meth epidemic with some real resources. And

I am proud to say that Washington State is now the national model in the fight against meth.

You know, States from all over the country have been talking to leaders in law enforcement and education and treatment in my State about how to create similar comprehensive efforts to stop meth in their States. But Washington State got to be a leader in the fight on meth by showing that partnerships work, and not just partnerships between law enforcement and education and treatment community but partnerships at all three levels of the Government: Federal, State, and local jurisdictions. And there is no question that the Federal resources from COPS and the Byrne grant help these partnerships grow and become really a keystone in the fight against drugs.

At the same time that police officers are retiring, and local funding has dried up for our drug task force, this administration wants to close the door on law enforcement, and I know that this subcommittee will hear about some newfound efficiencies and better partnerships. But let me be clear: any solution that lets the criminals win is not a win in my book.

Speaking of meth, I want to just say that I am very concerned that the Department of Justice is not doing enough, I believe, to stop the spread of methamphetamine and other synthetic drugs. Although efforts in our States to increase precursor control and the passage of the Combat Meth Act are going to help, drug cartels are now flooding the market with meth.

So just as we are now succeeding to stop some of the smaller mom and pop operations, we are now seeing these cartels use their immense resources and drug distribution chains to bring meth back into our neighborhoods and meet the demand that is out there. So I hope to hear this afternoon how you and Administrator Tandy are working on taking on those drug cartels to help stop this.

Finally, I just want to mention, we have talked before, you and I, about the needs of local jurisdictions along our northern border. In Washington State, our northern border counties are spending millions of dollars on cases that are initiated by Federal agencies. Whether it is Customs or ICE, our Federal agencies are increasing the numbers of criminals that they bring into these local courts and detain in our local jails. And the U.S. Attorney's Office has been unable to meet the demand and often declines these cases and refers them directly to cities and counties for processing and prosecution.

Whatcom County, which is on our northern border just across the border from Vancouver, British Columbia, is now spending over \$2 million a year to process these federally initiated, declined, and deferred cases. So we have county sheriff offices who are unable to serve warrants now because their jails are full, and I hope that we can continue to work together to help the northern border communities so that our local communities are not forced to let their criminals go free because the Federal agencies are now forcing them to take more and more of these border related cases.

This is really an equity issue, because as you know, along the southwest border, there is a program to reimburse those local costs associated with the criminals caught on the border, and I think it is time we fixed this problem and created a sister program to the

Southwest border prosecution initiative to help States like mine and Alaska, New Hampshire, Vermont, Wisconsin, other northern border States that are facing the same problem.

So I hope that we hear from all of you today about how your departments and agencies are finding better ways to partner with our local jurisdictions and working with our communities to help our neighborhoods be safe. And I think we can continue to create some success stories if we have increased law enforcement partnerships at the local, Federal, and State level.

Thank you, Mr. Chairman.

Senator SHELBY. Attorney General, welcome again to the subcommittee. Your written testimony will be made part of the record. You may proceed as you wish.

SUMMARY STATEMENT OF ATTORNEY GENERAL GONZALES

Attorney General GONZALES. Good afternoon, Mr. Chairman, Ranking Member Mikulski, and members of the subcommittee. First of all, Senator Mikulski, congratulations on last night's great victory.

The men and women of the Department of Justice are working every day to secure the opportunities of the American dream for all Americans. As Attorney General, I want to ensure that our neighborhoods are safe, secure, and prosperous. This is an enormous goal and one that we have made steady progress on over the past few years.

Today, I present the President's fiscal year 2007 budget for the Department. Mr. Chairman, in an administration that is committed to controlling overall Government spending, this budget prioritizes our top public safety needs. This is a budget that builds on our expertise, launches new programs, and eliminates or cuts programs that have not met our high standards. It focuses State and local assistance on priorities established by the administration and by Congress.

COUNTERTERRORISM INVESTIGATIONS

Included in this \$19.5 billion budget are the Department's six major priorities for the coming year. Our highest priority is to stop the terrorists who seek to destroy the American promise of liberty and prosperity. Waging the war on terror has been among the most difficult challenges that the Justice Department and the Government have ever undertaken. But we have made great progress, as evidenced by the hundreds of convictions we have obtained in terrorism-related investigations and by the terror cells that we have located and broken up from coast to coast.

Still, we know that al Qaeda remains a threat. I want to thank Congress for reauthorizing the PATRIOT Act and providing resources in the war on terror. I look forward to your support of our effort to stand up the new National Security Division, which will enable us to house our counterterrorism and counterintelligence prosecutors side by side, making it faster and easier to connect the dots.

The threat of terrorism is not going to go away, and neither is our commitment to do everything we can to stop it. And so, we are requesting over \$330 million for new and directed counterterrorism

and intelligence programs to protect our Nation from this continuing threat.

Every American deserves to live free from the fear of violent crime. The President's Project Safe Neighborhoods is taking criminals off the streets and reducing gun and gang crime. Our efforts are working. Crime has plunged to 30-year lows, resulting in thousands of Americans who have not been threatened, have not been harmed, and have not been violated by gangs with guns. However, gang violence is still a problem, and this budget requests over \$22 million in enhancements and almost \$163 million in State and local grants to further liberate our communities from gang and gun crime.

Illegal drugs poison children, destroy lives, and threaten the safety and the prosperity of our communities. Methamphetamine is particularly destructive, and the Department has worked harder than ever to combat methamphetamine over the past year. We have successfully dismantled some of the most deadly drug organizations that dump drugs into our neighborhoods. This budget requests almost \$235 million in enhancements to stem the supply of drugs from overseas and secure our homeland and shut down our borders to illegal aliens.

CHILDSAFE INITIATIVE

The Internet should be a safe, crime-free place for all Americans, especially our children. Our new Project Safe Childhood Initiative is designed to complement our other efforts to secure for every child the most important gift that we can give: a safe environment in which to live, grow, and learn.

Through this initiative, we will identify, prosecute, and lock up those who victimize our children through the production and distribution of child pornography and those who use the shadow of the Internet to lure minors into sexual activity. In this budget, we seek more than \$186 million to end the sexual exploitation of children and the proliferation of obscenity.

CIVIL RIGHTS DIVISION

Securing the American dream requires protecting individuals from illegal discrimination, and I am pleased that the Department prosecuted a record number of criminal civil rights cases in the last 2-year period, but I am asking the Civil Rights Division to do even more: to vigorously protect our citizens' right to vote, to work, and to buy or rent a home free from discrimination. We are seeking over \$113 million for the Civil Rights Division to accomplish these goals. We have also launched a new initiative, Operation Home Sweet Home, which expands our Fair Housing Act testing program.

HUMAN TRAFFICKING

The Division is also focused on eradicating the modern day slavery of human trafficking. Prosecutions of this crime have increased over 300 percent during this administration, but even one victim is too many. In the coming year, we will continue our efforts to locate and rescue the victims of this atrocity.

The sixth and final priority I want to emphasize is the Department's fight against Government and corporate corruption. Honesty and integrity in Government and in business are essential for a strong America. Prosperity cannot flourish if taxpayers and investors lose their confidence in these institutions. As part of our anticorruption commitment, more than 200 new FBI agents have been added in the past 3 years to anticorruption squads across the United States.

Now, virtually all of these priorities require our Federal prosecutors to do more. Over the past several years, Congress has been supportive in providing law enforcement more agents and investigators to detect crime. But now that we have more cops on the street, we need more prosecutors in the courtroom to make sure that the criminals we identify are brought to justice. Accordingly, I am asking that you fully fund the budget for the United States Attorneys, to provide additional prosecutors to ensure justice in communities across the Nation.

The priorities I outlined today in no way reflect all of our many important responsibilities. The Department serves as the Nation's chief prosecutor and litigator, representing the people of the United States in court not just to prosecute crime but also to enforce immigration laws, protect intellectual property, safeguard the environment, defend the laws that Congress passes, and protect the National Treasury against fraud.

The Department also protects our communities by safely and securely confining all of the people in Federal custody. These are all tremendous responsibilities and require sufficient resources as well.

Securing the American dream for all Americans is an easy thing to say, but it is a very difficult thing to do. In the past few years, America has been a safer, more secure place than it was a decade ago. We have faced many challenges, and we have made great strides. Others are still before us. You have my commitment that the men and women of the Department of Justice will work hard every day with the resources you provide to make the communities that we both serve as safe, secure and prosperous as possible.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ALBERTO R. GONZALES

Good afternoon Chairman Shelby, Senator Mikulski, and Members of the Subcommittee: It is my pleasure to appear before you today to present the President's fiscal year 2007 Budget for the Department of Justice ("Department" or "DOJ"). My goal as Attorney General is simple: Secure the opportunities of the American dream for all Americans and for future generations. It is a goal I am sure this Committee supports. But it is no small task and requires the hard work of thousands of Department officials stationed around the country and the globe. With your continued support, I have established priorities and initiatives to guide the Department's efforts in the coming year.

My highest priority remains keeping America safe by using every tool at our disposal, consistent with our Constitution, to prevent another terrorist attack on our Nation. At the same time, the Department continues to investigate, prosecute, detain, and incarcerate federal criminals. We are currently focusing on top initiatives such as an aggressive anti-gang program that will help combat some of the most violent gangs in the country.

In pursuit of these and other priorities, for fiscal year 2007, the President's Budget requests \$19.5 billion for DOJ, including \$330.8 million in new investments for preventing and combating terrorism. The fiscal year 2007 budget further strength-

ens counterterrorism efforts by investing in essential intelligence infrastructure and information technology. The budget also includes many new, critical investments that will continue to make America a safer place for law-abiding American citizens and a tougher place for criminals. An integral part of our funding need is support for the United States Attorneys' Offices. The budget prioritizes funding for our most important goals and proposes reductions to some programs, many of which have not shown effective results.

I also want to thank the Congress for reauthorizing the USA PATRIOT Act. The USA PATRIOT Act is a vitally important tool for the Department, and its reauthorization will help us prevent another terrorist attack.

PREVENTING AND COMBATING TERRORISM

In the 5 years since 2001, the Department has requested and the Congress has provided significant resources for counterterrorism and intelligence activities. With these resources, the Department has accomplished a great deal. But we must never forget we are under constant threat. Al Qaeda leaders continue to remind us of their desire to attack our homeland and murder our citizens. We must continue to work together to stop terrorists before they strike. To that end, the Department remains open to productive suggestions on how to improve our organizational capacity to accomplish our counterterrorism mission. With the passage of the USA PATRIOT Act reauthorization, the Department is moving quickly to make operational the new National Security Division. Yesterday, I sent up to the Congress a reprogramming request for the National Security Division. I hope the Congress will support this request.

The National Security Division was created in response to the recommendations presented by the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission). This major organizational change reflects the Department's commitment to building a structure that best supports our national security mission. The fiscal year 2007 budget includes \$67 million to fund the new National Security Division. This Division will combine the Counterterrorism Section and the Counterespionage Section from the Criminal Division with the Office of Intelligence and Policy Review (OIPR). The Division will be led by a new Assistant Attorney General for National Security who will coordinate all of the Department's counterterrorism, counterespionage, and intelligence work. This new Assistant Attorney General will also serve as the lead conduit for our activities with the Intelligence Community and the Director of National Intelligence.

The requested increase would add 21 attorneys to OIPR and 12 attorneys to the Counterterrorism and Counterespionage Sections of the National Security Division. These additional resources will assist the new Division in meeting the increased workload of intelligence searches and surveillances, and will ensure that the Department aggressively pursues cases involving trade in weapons of mass destruction.

Over the past 5 year's, the FBI has developed a distinct Intelligence Program and hired and trained thousands of new Special Agents and Intelligence Analysts who have contributed to our continuing safety. The fact that there has not been another major attack within the United States borders since September 11th is a credit to the hard work of those individuals, working alongside our prosecutors and partners in law enforcement and intelligence. With the support of Congress, the Department has realigned millions in base resources to support these efforts. This budget requests additional, critical resources to further enhance our counterterrorism efforts, while continuing to realign base resources to wage the war on terror. The Department will use these resources to remain on the offensive, detecting and disrupting the enemies' plans and bringing terrorist operatives to justice.

As the lead federal law enforcement agency for counterterrorism, the FBI's critical mission requires a significant amount of personnel and infrastructure. To maximize the effectiveness of the additional personnel resources Congress has provided in recent years, this request stresses the FBI's infrastructure needs. The request provides a total of just over \$6 billion for the FBI, with enhancements of \$319 million to support the following objectives: the continued development of our intelligence infrastructure, including increasing the number of secure facilities to conduct intelligence analysis; enhanced intelligence collection systems and training for a growing and diverse workforce that can act upon intelligence information; the continued development of the SENTINEL case management system, which will improve productivity and information sharing; and upgraded fingerprint identification systems to improve screening activities and identify more criminals and terrorists.

Since 2001, the Federal Government has added thousands of federal agents and analysts to the counterterrorism effort. The addition of these personnel has magnified the need for additional prosecutors in the field. For example, the criminal caseload for the United States Attorneys has increased by 18 percent in this same time frame. The 2007 budget supports the ongoing activities for the United States Attorneys with over \$1.6 billion in total resources, of which \$92 million will support national security and terrorism-related prosecutions. I believe that it is very important that the President's budget request for United States Attorneys be fully funded.

The United States Attorneys are vital to the Federal Government's counterterrorism effort. In the past year alone, the government has obtained convictions or guilty pleas in 40 terrorism-related cases across the Nation, continuing the successful record established since September 11th. For example, Ahmed Omar Abu Ali was convicted of terrorism charges, including conspiracy to assassinate the President of the United States; conspiracy to commit air piracy; and conspiracy to destroy aircraft. Ali Al-Timimi was convicted on all charges in connection with the "Virginia Jihad" case. In a domestic terrorism case, Eric Robert Rudolph pleaded guilty to charges related to deadly bombings in Birmingham, Alabama, and in the Atlanta area, including the bombing at the 1996 Olympics. Since the September 11th attacks, the Department has charged more than 400 individuals in matters arising from terrorism-related investigations and obtained convictions or guilty pleas in more than 220 of those cases to date. Some of those cases include the conviction of John Walker Lindh, Richard Reid and the disruption of terrorist cells in New York, Oregon, Ohio, Virginia, and North Carolina. This budget requests additional positions and \$7.7 million to enhance counterterrorism prosecution efforts by our United States Attorneys' Offices.

This budget also supports other key intelligence initiatives within the Department. The Department is requesting an increase of \$12 million for the Drug Enforcement Administration (DEA) to facilitate full coordination and information sharing with other members of the U.S. Intelligence Community. That coordination will enhance national security, combat global terrorism, and reduce the global supply of drugs. Even though DEA did not officially have capabilities in the Intelligence Community until February, it has been contributing to national security investigations for many years. In fiscal year 2005, DEA disrupted eight, and dismantled two, terrorist-linked Priority Target Organizations using information gathered during drug investigations. In support of our national security objectives, the fiscal year 2007 budget also provides resources to help the Executive Office for Immigration Review and the Civil Division's Office of Immigration Litigation address their expanded caseload.

PROJECT SAFE NEIGHBORHOODS

In 2001, the Administration announced the Project Safe Neighborhoods (PSN) initiative to reduce gun crime in our communities. PSN brings together local, State, and Federal law enforcement officials, prosecutors, and community leaders to implement a multi-faceted strategy to deter and punish gun criminals. This initiative is taking some of the most dangerous and violent offenders out of our communities. Today, federal firearms prosecutions are up nearly 73 percent and violent crime is at its lowest level in 30 years. Since 2001, the nonfatal firearm crime rate has dropped from 2.3 incidents per 1,000 residents to 1.4, and firearm incidents have dropped 40 percent—from 467,880 to 280,890. With the support of Congress, the Department has dedicated over \$1.5 billion to this important program. Those funds have provided necessary training, hired agents and prosecutors, and supported State and local partners working to combat gun crime. For 2007, the budget requests \$395 million for PSN.

In response to the danger that violent gangs pose to our neighborhoods, the Department recently developed a comprehensive strategy to combat gang violence as part of PSN. Building on the lessons learned fighting gun crime, this strategy coordinates enforcement, prosecution, and prevention resources to target gangs that terrorize our communities. The Violent Crime Impact Team (VCIT) program, part of the PSN initiative, helps reduce communities' homicide and firearms-related violent crime through the use of geographic targeting, aggressive investigation, and prosecution. This budget provides \$16 million for ATF and the United States Attorneys to combat gang activity by expanding the VCIT program to 15 additional cities, for a total of 40 sites.

The PSN request also includes enhancements of \$44 million for DOJ's State and Local Gun Violence Assistance Program. This program is the State and local grant program that supports PSN in individual communities. This request also includes \$15 million to initiate a new Gang Training and Technical Assistance Program that

will provide assistance to States and localities in support of efforts to reduce criminal gang activity and reduce the threat of terrorism and violent crime through enhanced sharing of criminal intelligence; and a \$29 million increase for the National Criminal History Improvement Program, which provides grants to States to improve their criminal history and related records so that they are complete, accurate, and available for use by Federal, State, and local law enforcement.

United States Attorneys' Offices across the country continue to work with law enforcement partners to develop strategies to make their communities safer. Thus, the fiscal year 2007 PSN request includes resources to prosecute gang members and gun criminals and to create new and strengthened partnerships with local agencies that are addressing gang violence and gun crime.

DRUG ENFORCEMENT AND BORDER SECURITY

In February 2002, the President set an ambitious goal: "To reduce the use of illegal drugs by 10 percent over 2 years, and by 25 percent over 5 years." To meet this goal, the Department announced a six-part drug enforcement strategy for DOJ. The Department focuses its drug law enforcement efforts on reducing the availability of drugs by disrupting and dismantling the largest drug supply and related money laundering networks operating nationally and internationally, including those on the Consolidated Priority Organization Target (CPOT) List. The CPOT list identifies the "Most Wanted" drug trafficking and money laundering organizations believed to be primarily responsible for the Nation's illicit drug supply. In fiscal year 2005, the Department dismantled 121 CPOT-linked drug trafficking organizations and severely disrupted another 204 CPOT-linked organizations. For example, DOJ arrested the two founders of the Cali Cartel and arrested two Afghan drug kingpins with ties to the Taliban. The fiscal year 2007 budget requests enhancements of \$234.7 million for its drug enforcement efforts.

The cornerstone of the Department's drug supply reduction strategy is the Organized Crime Drug Enforcement Task Force (OCDETF) program. Centrally managed within the Department, the OCDETF program combines the resources and expertise of DEA, the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service, the Internal Revenue Service, the Bureau of Immigration and Customs Enforcement, the U.S. Coast Guard, and the litigating forces of DOJ's Criminal Division, Tax Division, and the United States Attorneys' Offices. The fiscal year 2007 Budget contains \$706 million for OCDETF, which includes a \$208 million transfer of the Office of National Drug Control Policy's High Intensity Drug Trafficking Area (HIDTA) Program. Transferring the HIDTA Program to the Department will facilitate strategic coordination with our other drug enforcement assets, eliminating duplication and ensuring the most effective use of limited resources.

As the only federal agency with its sole focus on drug enforcement, DEA must have the necessary resources to invest in intelligence and operational requirements overseas to stem the supply of illegal drugs. This budget requests \$13 million in additional funds to continue reducing the availability of illicit drugs and the diversion of licit drugs and precursor chemicals in the United States. The Department will achieve these goals by disrupting and dismantling significant drug trafficking and money laundering organizations as well as attacking the economic basis of the drug trade. DEA's drug trafficking and money laundering enforcement initiatives support and augment U.S. efforts against terrorism by denying both drug trafficking and money laundering routes to foreign terrorist organizations. DEA's work also helps stem the use of illicit drugs as barter for munitions to support terrorism. This request includes \$4 million for Foreign Advisory Support Teams (FAST) to continue attacking drug trafficking and foreign terrorist organizations operating in Afghanistan, and \$3.5 million for a new team to deploy in the Western Hemisphere. Focusing resources on a geographic area or group, like the FAST program, yields results: for example, DEA investigations have led to the indictment of 13 members and associates of the Colombian terrorist group, the Revolutionary Armed Forces of Colombia (FARC), on drug trafficking. In fiscal year 2005, two high ranking FARC officers were extradited to the United States to stand trial.

After the drug arrests, searches, and seizures have been completed by DEA, the Federal Government also has the responsibility to clean-up the toxic chemicals left behind at methamphetamine labs. This budget provides \$40 million to the Office of Community Oriented Policing Services for the clean-up of these toxic waste sites, an increase of \$20 million over the enacted 2006 level. The additional funding would ensure that DEA is able to respond to the increased workload to clean up methamphetamine laboratories seized by State and local law enforcement agencies and fund the start up costs for State container programs.

On November 28, 2005, President Bush outlined his plan to enhance America's homeland security through comprehensive immigration reform. Two major partners in this reform are the Department's Executive Office for Immigration Review (EOIR), and the Civil Division's Office of Immigration Litigation (OIL). The Department's fiscal year 2007 Budget requests significant increases to help EOIR and OIL keep pace with the growing workload resulting from DHS' increased border security efforts. A good portion of this workload is related to national security and is critical to the Department's mission to combat terrorism and violent crime.

The EOIR request includes an increase of 120 positions and \$8.8 million to meet additional caseload requirements that have resulted from the increased resources DHS has received for immigration enforcement from 2003 to 2006. For example, EOIR caseloads increased by 70,000 cases in 2005. In addition, the appellate caseload is expected to increase by approximately 4,000 cases annually. EOIR's requested increase is linked to DHS' increase of nearly 4,000 detention beds, which will be fully on-line by 2007.

Established in 1983, OIL has jurisdiction over all civil immigration litigation and is responsible for the nationwide coordination of immigration matters before the federal district courts and circuit courts of appeals. Since fiscal year 2001, OIL's caseload has more than tripled as OIL attorneys defend the government's efforts to detain and remove illegal aliens, many of whom are criminals or suspected terrorists. This budget provides 114 positions and \$9.6 million in enhancements to assist OIL's vigorous defense of the cases that are critical to the safety of our communities.

CRIMES AGAINST CHILDREN AND OBSCENITY

The Department is committed to fighting child pornography and obscenity as well as to protecting children from trafficking and other forms of exploitation. The Department works with other law enforcement agencies to target, dismantle, and prosecute predatory child molesters and those who traffic in child pornography. In 2005, the Department increased its efforts, charging 1,503 individuals and obtaining 1,220 guilty pleas and convictions in criminal cases involving predation of children.

The fiscal year 2007 budget request includes an additional \$2.7 million to combat crimes against children and obscenity, \$23.9 million for the Office of Justice Programs to direct to State and local law enforcement, and an enhancement of 26 positions and \$2.6 million for the United States Attorneys' Offices to bolster their efforts in combating child exploitation. These requests are complemented by \$50.9 million for the Missing and Exploited Children Program (MECP), which is the primary vehicle for building an infrastructure to support the national effort to prevent the abduction and exploitation of our Nation's children. The request includes support for the National Center for Missing and Exploited Children.

To enhance this work, I recently announced a new Project Safe Childhood initiative. This effort will be implemented through a partnership of United States Attorneys, Internet Crimes Against Children Task Forces, and other Federal, State, and local law enforcement officials in each district. These partnerships will investigate and prosecute crimes against children that are facilitated through the Internet or other electronic media. Communities will be able to design and execute programs tailored specially for their individual needs, while maximizing national resources and expertise. In fiscal year 2006, DOJ will award more than \$14 million to the Internet Crimes Against Children program, a national network of 46 regional task forces funded by the Department's Office of Justice Programs. In fiscal year 2005, federal prosecutors charged 1,447 child exploitation cases involving child pornography, coercion, and enticement offenses. The Criminal Division's Child Exploitation and Obscenity Section, in conjunction with the FBI's Innocent Images Unit, will fully integrate the Project Safe Childhood Task Forces by sharing local leads that develop from its major national operations.

CIVIL RIGHTS

In 2005, the Civil Rights Division secured more convictions against human trafficking defendants, increased the number of trafficking cases filed by over 30 percent, and doubled the number of trafficking defendants charged from the previous year. We need to continue to support this concerted effort. The Civil Rights Division has also reported record enforcement of laws that protect the right to vote, ensure the disabled can fully participate in their communities, and provide the highest standard of care for institutionalized persons. It is my goal to build on these successes while supporting the reauthorization of the Voting Rights Act and renewing the Department's commitment to the principle of fair housing.

In addition to an increased Civil Rights Division budget request of \$113 million, the President's 2007 Budget envisions the creation of Operation Home Sweet Home.

This initiative will focus on ensuring fair housing practices through improved targeting, increased testing, aggressive public awareness, and partnership with fair-housing organizations across the country. The initiative will include concentrated housing discrimination testing in areas recovering from the effects of Hurricane Katrina and bring to an all-time high the number of fair housing test investigations nationwide.

All Americans should have the same chance to pursue their dreams by earning a job, finding homes for their families, voting for their representatives, and living safe from fear and servitude. We will continue to aggressively combat discrimination wherever it is found.

PUBLIC AND CORPORATE CORRUPTION

Another priority for the Department is ensuring the integrity of government and business. Integrity in these institutions is the foundation for a strong America—both taxpayers and investors deserve nothing less. The Department is engaged in robust efforts to prosecute corruption, and I have called on Justice Department employees to preserve the integrity of our public institutions and corporations.

With several high-profile convictions over the last year, the Department has made great strides in this area. For example, former public relations specialist Michael Scanlon pleaded guilty to participating in a conspiracy to commit bribery, mail and wire fraud, and honest services fraud, and 40 defendants pleaded guilty in connection with Operation Lively Green, a widespread bribery and extortion conspiracy.

ENFORCING FEDERAL LAW IN THE COURTS

The Department of Justice serves as the Nation's chief prosecutor and litigator, representing the United States in court by prosecuting crime and enforcing federal civil laws. The Department's work includes protecting civil rights, safeguarding the environment, preserving a competitive market place, defending the national treasury against fraud and unwarranted claims, as well as preserving the integrity of the Nation's bankruptcy system.

As Congress puts more law enforcement agents on the street, the number of cases referred for prosecution continues to rise and the number of criminals incarcerated will climb. The fiscal year 2007 budget request includes enhancements of \$20.2 million to fortify the United States Attorneys' immigration and intellectual property crime prosecutions; enhance the Criminal Division's ability to investigate and prosecute intellectual property crimes; and provide sufficient resources to the Tax Division to handle an increased number of tax cases referred by the Internal Revenue Service. Also, the fiscal year 2007 budget includes additional resources for the United States Trustees to address new requirements imposed by the recently enacted Bankruptcy Reform legislation.

JUDICIAL SYSTEM SUPPORT AND INCARCERATION

As a result of successful law enforcement policies targeting terrorism, violent crime, and drug crimes, the number of criminal suspects appearing in federal court continues to grow, as does the number of individuals ordered detained and ultimately incarcerated. The fiscal year 2007 President's Budget requests significant resources to improve courtroom security and to provide for the detention and incarceration of those accused or convicted of violent crimes. During fiscal year 2005, the Nation's federal prison population rose 4 percent, an increase of 7,499 inmates. During the same period, the federal prisoner detention population rose 7.8 percent, increasing by approximately 4,558 detainees per day. The request provides additional resources for the Bureau of Prisons (BOP) and Office of the Detention Trustee (OFDT) to manage this growth, including funds for additional contract beds. The fiscal year 2007 Budget requests \$156.6 million in enhancements in these areas.

The United States Marshals Service (USMS) provides protection to federal courthouses, members of the federal judiciary, and witnesses associated with federal court cases. The fiscal year 2007 budget provides 37 new positions and an increase of \$4.6 million to enhance this mission. These resources will enable the marshals to detect, assess, and respond to potential threats in a timely manner and will strengthen threat analysis capability. This budget also provides new resources to make important upgrades to USMS information technology and financial management capabilities.

The Department's BOP and OFDT protect American society by providing for the safe, secure, and humane confinement of persons in federal custody. This budget provides \$1.3 billion for the OFDT and \$5 billion for the BOP. The costs of federal incarceration and detention account for almost a third of DOJ's annual discretionary budget. At present, there are over 189,000 inmates in federal custody, of which ap-

proximately 11 percent were arrested on immigration-related charges and over 53 percent were arrested on drug-related charges. The BOP request will provide an additional \$40.4 million to add contract beds at a new contractor-owned and operated low security prison in Philipsburg, Pennsylvania, to secure additional contract prison bed space and to begin the activation of a new housing unit at an existing correctional institution at FCI Otisville, New York, adding a total of 1,962-beds. This budget also provides funds to house an average daily detainee population of 63,000. These funds will support the Department's goal of ensuring zero escapes from federal detention and secure BOP facilities.

Criminals deserve to serve the time that they are sentenced in prison. However, once their time is served, they will re-enter society. The fiscal year 2007 Budget includes \$14.9 million for a prisoner re-entry initiative at the State and local level, designed to reduce recidivism and the societal costs of crime by helping released offenders find work and stable housing when they return to their communities.

STATE, LOCAL, AND TRIBAL ASSISTANCE

State and local law enforcement agencies are critical partners in the war against terror and the fight against crime. The 2007 budget includes over \$1.2 billion in discretionary grant assistance to States, localities and tribes. This funding includes \$66.6 million to strengthen communities through programs providing services such as drug treatment; \$44.6 million to fight terrorism; \$409 million to assist crime victims; \$88.2 million to combat crime, including enhancements to grant funding provided under Project Safe Neighborhoods; \$214.8 million for law enforcement technology, including funding to continue and enhance the Administration's DNA initiative; and \$209 million to support drug enforcement, including funding to continue the Southwest Border Drug Prosecution Program.

In addition to the requested funding at DOJ, the Administration has continued its commitment to provide funding to State and local governments for homeland security by including \$2.8 billion in funding for these programs in DHS' budget request for fiscal year 2007.

The Department's fiscal year 2007 request provides enhancements to strengthen our communities, including \$9.9 million for the Department's component of the Administration's offender re-entry initiative, which includes the participation of the Departments of Labor and Housing and Urban Development; \$13.9 million for Capital Litigation Improvement grants that provide training to private defense counsel, public defenders, State and local prosecutors, and State judges to improve the competency of all participants connected with the trial of State capital cases; \$59.3 million for Drug Courts; and \$68.4 million for the President's DNA initiative.

The fiscal year 2007 budget also contains \$29.8 million for local prosecutor offices in the four Southwest border states—California, Texas, Arizona, and New Mexico. This funding would provide for payment of approved prosecution and pre-trial detention costs for cases referred to local prosecutors by the United States Attorneys' Offices, and cases diverted from federal prosecution by law enforcement pursuant to a locally-negotiated agreement.

The fiscal year 2007 request for State and local resources also includes \$40.7 million in support of activities authorized in the Justice For All Act, including funds for the enhancement of the federal victim notification system as well as legal counsel and support services for victims of crime.

MANAGEMENT AND INFORMATION TECHNOLOGY IMPROVEMENTS

The Department of Justice is committed to providing the management and information technology necessary to ensure that our resources are used efficiently and effectively. The fiscal year 2007 President's Budget requests \$133.9 million in enhancements for critical Department-wide initiatives that support the Department's Strategic Goals and the President's Management Agenda.

DOJ Financial Management

The Department of Justice is committed to full accountability and continuous improvement in its financial operations, and we were extremely pleased to restore the unqualified audit opinion on our public financial statements this past year. However, independent auditors again identified material weaknesses in the Department's outdated financial systems, weaknesses that the planned Unified Financial Management System (UFMS) is designed to address. To that end, we greatly appreciated the funding provided by Congress in fiscal year 2006 for the UFMS project. That funding permitted us to make a contract award to begin implementation of the new system in the first two components (DEA and the Assets Forfeiture Fund). To continue this critical project in 2007, we are requesting \$25 million to complete the

component implementations begun this year and begin implementation work for three additional components, including the FBI.

Other DOJ Information Technology Initiatives

The fiscal year 2007 Budget request includes enhancements of \$18.1 million for the Justice Consolidated Office Network (JCON) to complete transition of the Bureau of Prisons to the JCON community. JCON provides a modern office automation system to multiple components using a common architecture for enhanced information sharing and interoperability. The request also includes \$9 million and 29 positions for USMS audited financial statements and technology enhancements, including \$3.9 million for the Justice Detainee Information System. The request also includes \$83.7 million for FBI information technology enhancements, including \$33 million for IDENT/IAFIS Interoperability activities.

The Department continues to evaluate its programs and operations to improve management and stewardship. Our goal is to achieve both component-specific and Department-wide economies of scale, increased efficiencies, and cost savings/offsets to permit us to fund initiatives that are of highest priority. The Department is engaged in a multi-year process to implement a wide range of management and information technology improvements that will result in substantial savings. Enhancements in management and information technology will ensure all DOJ components are able to function in an interoperable environment, particularly with respect to preventing terrorist attacks on the United States.

Working for America Act Implementation

The Working for America Act requires agencies to manage, develop, and reward employees effectively and to implement a new pay and performance system. Implementing this Act requires significant investments in training. The Department requests \$2 million to support the Working for America Act through the training of managers and supervisors in performance management and in using the new pay and performance system.

CONCLUSION

Mr. Chairman, Senator Mikulski, Members of the Subcommittee, I recently started my second year as Attorney General. I would like to take this opportunity to commend the people of the Justice Department. Each day I work with people who could be Chief Executive Officers in the private sector or partners at private law firms, but they all choose to serve their Nation by working for justice. They work for justice because they believe in the work we do to fight crime and safeguard the American people from terrorism. I am honored to work alongside them every day.

I ask for your support in providing the resources requested in the 2007 budget, so that we can fulfill our mission to safeguard the American people. I am honored to testify before you and look forward to working with you on this budget proposal and other issues.

Thank you. I would be pleased to answer any questions you might have.

STATE AND LOCAL PROGRAMS

Senator SHELBY. Thank you, Mr. Attorney General.

Just to touch on a few subjects, we have all brought them up, Mr. Attorney General, the Department of Justice, as I said earlier, is requesting a 51.6 percent funding cut for State and local law enforcement assistance programs. The Department expresses how critical State and local law enforcement partnerships are in homeland security and the war on terror but continuously proposes these cuts.

When you visited the gulf coast area devastated by the hurricanes of the 2005 season, what was the number one thing that State and local law enforcement officials needed from the Department of Justice in support of their recovery efforts?

Attorney General GONZALES. They needed resources. They needed training. They needed support. That is what they were asking for. Mr. Chairman, this budget does have cuts in certain programs—

Senator SHELBY. Sure.

Attorney General GONZALES [continuing]. That have benefitted State and local law enforcement. But I think if you study the budget, you will see that there is a lot of assistance being provided through this budget to State and locals in a wide variety of areas. There is \$1.2 billion in discretionary grants to State and locals, for example. There is \$66 million to help communities with issues like drug treatment; \$44 million to fight terrorism—these are grants directly to State and locals—\$409 million to assist crime victims; \$82 million to fight crime, including enforcement for Project Safe Neighborhood programs; \$214 million for law enforcement technology, including funding for the DNA databases; \$209 million to support drug enforcement, including funds for the Southwest border drug prosecution program.

And so, there is a lot of assistance and support for State and local agencies in this budget. I want to emphasize that. We understand how important these partnerships are. As I travel around the country, and I talk to State and local officials, I emphasize to them my commitment to continue working with them as hard as I can.

We have difficult decisions that have to be made in the budget. This budget represents the President's priorities. We think this budget does provide a large amount of assistance to State and locals, but it is targeted in a way that meets the President's priorities and ensures that we are accountable in the way these funds are spent, we are accountable to the taxpayers in this country.

Senator SHELBY. Mr. Attorney General, the budget also proposes a 44 percent cut from last year in juvenile justice programs. Why such a drastic cut on programs that impact our children?

Attorney General GONZALES. We have reduced juvenile justice programs by \$150 million; \$98 million of that is for demonstration programs that were earmarked funding that we simply are not requesting, and \$49 million of that was for the juvenile accountability block grant that did not fare well in our evaluation and analysis process of whether or not programs that we are funding are effective. There is insufficient accountability.

But we still fund \$188 million for juvenile justice, and I think we should also get credit for the amount of money that we spend on law enforcement to help kids in the area of gangs, prevention, reinforcement, and reentry; OJP programs focusing on child prostitution, the sex offender registry, the ICACs, which are the Internet crimes against children task forces; Amber Alert; the money we spend to fund for new prosecutors to go after people exploiting children, trafficking in children; money for drug courts.

So there is a lot of money in the President's budget to focus on crime specifically related to juveniles.

SEXUAL PREDATORS

Senator SHELBY. Mr. Attorney General, the rate of recidivism among convicted sexual predators remains alarmingly high. According to the National Center for Missing and Exploited Children, there are approximately 550,000 registered sex offenders in the United States. It is estimated that nearly 100,000 sex offenders have not registered or have failed to update their information. These people are normally obscure when living in our neighbor-

hoods but have been convicted of preying upon families and children.

Last year, the Department of Justice announced the creation of a National Registry website for sex offenders. Could you tell us about the registry, expand just a little on it, and any goals or successes the Department could share with us here? I think it is important.

Attorney General GONZALES. We did announce a National Registry which would allow parents to go online to determine whether or not there were sex offenders living in their neighborhoods. The registry is dependent on the information provided by State records. To date, all the States but two are now part of this registry. So we have made good progress in getting States to participate in this program.

There is, however, a problem, as I indicated. We are dependent on the records provided by the States and the upkeep of these records by the States, and we have discovered instances where some States are rather tardy in updating their records.

Senator SHELBY. Do they register them in different ways in different States?

Attorney General GONZALES. It is different information. That is right. We did not want to impose upon the States a uniform method of providing the information. This was a way that we could provide information to parents fairly quickly, without a great deal of cost to the States. So that is why we took this approach. In my judgment, it has been effective, but again, we need to work with the States to ensure that they are updating their databases as often as possible so that we have the most current information for parents.

Senator SHELBY. How can you meet the challenge, that is, there are an estimated 100,000 sex offenders who are unregistered? How can you work with the Justice Department and local law people to get these 100,000 people to register?

Attorney General GONZALES. Well, that is a very good question, Mr. Chairman. It is a challenge for the Department. As these offenders are, in fact, convicted, and first of all, we hope that there are requirements that they do register. If they do not register, there needs to be some kind of enforcement to ensure that there are consequences for it. But you are right. I do not have an answer for you, a good answer for you, Mr. Chairman. What I can tell you is that I am aware of the problem, and we will continue to work on it with State and local officials.

FEDERAL PRISON

Senator SHELBY. I want to get into the Bureau of Prisons. I mentioned that in my opening statement.

Attorney General GONZALES. Yes.

Senator SHELBY. A couple of prisons that you recommended last year and this year, one in West Virginia, one in New Hampshire for rescission. How and under what statute could you justify ignoring the direction of Congress 2 years in a row by rescinding funding for two prison construction projects? Could this be clarified as an impoundment of funds, or what is it?

Attorney General GONZALES. It is not an impoundment, Mr. Chairman, and it is not as a technical matter a rescission. No one has told the Bureau of Prisons or directed the Bureau of Prisons not to move forward with these two prisons. And in fact, with respect to the West Virginia prison, we expect that a contract for the design and planning will be let shortly and that there are sufficient funds in the budget for 2007.

With respect to New Hampshire, we anticipate that that contract will be let sometime in the fall, and we will have a decision by this subcommittee as to whether or not funds will be available in 2007 for the design and plans of that facility. If the subcommittee makes the decision to not provide funds for the design and the planning of that facility for 2007, then what we will have to do is see if there are other resources within BOP, see if there are other resources within the Department.

Again, if resources are not there, then what we will have to do is see whether or not we ought to look at—besides looking at building a new facility, is there a way we can renovate existing facilities? Is there a way that we can contract out for beds with State and local entities? We do need the beds, and the question is what is the most efficient way to obtain those beds? So that is my response to your question about the \$142 million.

Senator SHELBY. Thank you.

Senator Mikulski.

NATIONAL SECURITY DIVISION

Senator MIKULSKI. Mr. Attorney General, the Justice Department is tasked with playing a very important role in the global war against terrorism. Under the PATRIOT Act, my question is going to go to the National Security Division that has been created through the PATRIOT Act.

The 2007 budget includes the funding of \$67 million for this National Security Division. Could you share with the subcommittee what this money will buy? Essentially, how does it—because we have now been through a look at the PATRIOT Act. How will this \$67 million buy us more security, or is it buying us more bureaucracy?

And how, then, does that differ from the national security branch that is going to be at the FBI? And how does it all fit together, and how do you fit in with the DNI? Let us start with what we buy for \$67 million. That is a lot of money, and is this to stand up a new division? Is it to buy more gizmos and gear? Where are we heading here?

Attorney General GONZALES. Well, currently, we are talking about consolidating three branches within DOJ: The Office of Intelligence Policy and Review, the counterespionage section and the counterterrorism section. So we are talking about 226 individuals, 226 people with a budget of currently about \$48 million.

And so, what we are asking for in 2007 is for an additional \$19 million to add an additional 68 people to the National Security Division. You have to remember that part of what we are talking about is the branch that is responsible for preparing the applications for the Foreign Intelligence Surveillance Act (FISA). And there has been a lot of talk recently about FISA application and

whether or not we have sufficient resources to continue to make FISA an effective tool not only in the war on terror but against other foreign powers.

Senator MIKULSKI. You need \$20 million more and 68 people just to do FISA applications?

Attorney General GONZALES. Oh, no ma'am, that is not what I said, ma'am.

Senator MIKULSKI. And does it cost \$20 million to hire 68 people? That is expensive even by some Government accounting.

Attorney General GONZALES. Yes, ma'am. But in addition, of course, there are going to be startup costs in connection with consolidation of these units. It is going to require special technology. We want more secure technology so that they can communicate with each other and also communicate more effectively with the entire intelligence community.

And so, these are some of the costs that are going to be incurred. I would like the opportunity, Senator, to give you a more detailed breakdown.

Senator MIKULSKI. Is this an awkward place to have this, in an unclassified setting?

Attorney General GONZALES. No, ma'am, I do not think it is that, quite frankly. I just do not have the detail in my head that you are asking for. Okay; technology, the Sensitive Compartmental Information Facility (SCIF), we need more SCIFs and more intel analysts. So these are some of the additional things that we would need in connection with the startup of this division.

And you asked whether or not this is the creation of a new bureaucracy. You have to remember that this was one of the recommendations of the 9/11 Commission. They recognized that of all the departments, all the agencies that focus on the war on terror, here you have the Department of Justice claiming that terrorism is our number one priority, and yet, we had no central location, no central officer below the Attorney General and the DAG that was focused primarily on the national security of our country with respect to law enforcement matters.

And so, my hope and certainly my intent—this is not the creation of a bureaucracy, but we will make the Department more effective.

Senator MIKULSKI. If I could jump in, the FBI, first of all, I understand we are into the 9/11 Commission reforms. We recommended some essentially one-stop shops: the Office of DNI; now, this at the Justice Department. And I am not disputing the value. We want to implement the—absolutely passionate about implementing the 9/11 Commission's report. But then, it says the Criminal Division of Counterterrorism and Counterespionage. But does the FBI not also have this?

Attorney General GONZALES. Yes.

Senator MIKULSKI. And are you duplicating what the FBI does?

Attorney General GONZALES. Of course, their focus is in the investigation. We will be focused primarily on the prosecution side of it, and so, we will have different functions. And obviously, there will be a lot of interaction, and we will be working closely together.

Senator MIKULSKI. You mean the prosecution of terrorism?

Attorney General GONZALES. Yes, ma'am, but not only the prosecution of cases but also detection and prevention. Working with——

Senator MIKULSKI. Is that not what FBI is doing with detection and prevention?

Attorney General GONZALES. Yes, ma'am, and they will certainly be doing that as well.

Senator MIKULSKI. You see my question is are we all going to be bumping into each other.

Attorney General GONZALES. No, ma'am, we are not going to be bumping into each other. We have been working very hard.

Senator MIKULSKI. And I am not being sarcastic.

Attorney General GONZALES. And I do not take your comment as that.

Senator MIKULSKI. It has been 5 years since 9/11, 5 years, and I do not know if I feel safer. We in the Capital region still do not have a clear evacuation plan. We in the Capital region do not have interoperable communication. We do know in the Capital region local law enforcement talks with each other and works together, as we saw under the leadership of the FBI and ATF the way we handled the sniper, which is considered a national model of dealing with a crisis, for which we were very grateful and very proud. But——

Attorney General GONZALES. You asked whether or not we were safe.

Senator MIKULSKI. Do you see where——

Attorney General GONZALES. Yes, ma'am.

Senator MIKULSKI. And so, I am looking at whatever we do, it is not about new boxes and new bucks. It is about safety, security, and strength.

Attorney General GONZALES. Senator, I believe that this will make us safer, and I think we are safer than we were 5 years ago. We have taken tremendous steps with the assistance of Congress, and thank you for that, to give us additional tools to make America safer. I believe, and I think others believe, including the President of the United States, that having a National Security Division which focuses on our number one priority, which coordinates the law enforcement efforts to prosecute and to prevent terrorism, is something that is necessary for the Department of Justice and will make us safer.

You ask a legitimate question as to whether or not we are going to be bumping into each other. My goal is that we recognize that that cannot happen, and obviously, it is something that we have to be sensitive to as we stand up the National Security Division and as the FBI moves forward with the national security branch.

Senator MIKULSKI. Well, I know we will be pursuing this more when we talk to the FBI.

I want to be very clear about what I said about feeling safer. I want to say hats off to the people who work in the intelligence community, to the FBI and others who are doing due diligence, that I believe have detected, derailed, destroyed the predatory attacks coming into the United States. So it has been 5 years since an attack. So I want to acknowledge that.

But we have a lot more systemic reform that we need to do, and I sometimes am fearful that we get bogged down in boxes and charts and bureaucracy rather than safety and security. So I do not in any way doubt the energetic, dedicated work that people all over our country and all over the world who work for the Federal Government are doing to keep us safe, so I want to acknowledge that.

That is why we want the best organization, the resources that they need along with the training and management and technology, that they do it right. So my time is up on this. I know that we will come back.

Senator SHELBY. Senator Leahy.

CHOICEPOINT

Senator LEAHY. Thank you, Mr. Chairman. As I indicated in my earlier statement, I am concerned that the FBI signed a multimillion dollar licensing agreement with data broker ChoicePoint. I consider them the poster child for lax identity protection. They want to expand the use of software to help the Bureau analyze criminal organizations.

Just to put this into context, earlier this year, the FTC levied the largest civil penalty on record on ChoicePoint. They found that they had sold 160,000 consumer records to identity thieves. Last year in the Senate Judiciary Committee, we heard that because of this, hundreds of Americans were victims of identity theft, and people who have faced that sometimes can spend years and huge amounts of money to get out of it.

So now, we take the same company that has done horrible damage to their customers already, and they are to expand the FBI's analysis of criminal organizations. How do you justify entering into a multimillion dollar contract with ChoicePoint to handle sensitive investigative data about criminal enterprise operations when we know they are so lax that they used terrible judgment before with nonsensitive data, just normal data?

Attorney General GONZALES. Senator, obviously, there were mistakes made by ChoicePoint, and they have suffered the consequences for that. Let me just—

Senator LEAHY. Consequences, yes, they got a big fine, but why ChoicePoint? What is in their history that suggests that they know how to do this?

Attorney General GONZALES. The decision was our determination that this was the best contract for the Bureau. It is a contract for technology and software only. It is not a contract for data services. It is a \$12 million contract over 5 years, and I think that it reflects the best judgment that this was the best contract for the Bureau.

I want to emphasize that we understand the importance of respecting and protecting people's privacy, and we take those concerns very seriously. Those concerns were taken into account in connection with this contract.

Senator LEAHY. Well, you know, I want to beg to differ with you a little bit on taking the concerns of people's privacy seriously. Yesterday, the GAO found that the Justice Department, which uses private information services for law enforcement and counterterrorism and other investigations often does not even fol-

low Federal rules. You do not even follow your own laws in protecting Americans' privacy.

According to the report, the Department of Justice and three other Federal agencies spent about \$30 million last year on companies such as ChoicePoint that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers.

I mean, this is going way beyond criminals or criminal organizations you are after. This is people in this room, tourists walking through this building or viewing the Grand Canyon or anything else. Now, what do you say about GAO? They say you are not even following the law. You are contracting out tens of millions of dollars. You are collecting a huge amount of data. Why should we feel more secure about this?

Attorney General GONZALES. Senator, obviously, the allegation that we are not following the law is a serious one. I have not read the GAO report, but obviously, we are going to study it very, very carefully, and if we are not doing what we are supposed to be doing, there should be consequences. We take our responsibilities very seriously, but again, I have not seen the report. I have not studied the report. I am not saying the report is incorrect.

Senator LEAHY. Mr. Attorney General, understand that I am not suggesting that you as Attorney General want to go and hand out this private data to crooks any more than I do or any more than anybody here. What I am saying is what level of competence are you requiring so that does not happen? Because it is not enough for us just to say, whoops, too bad if you have had somebody's life or their business ruined or their children's or their spouse's, or their medical records are all over the place, and they have lost their privacy. You see my concern.

Attorney General GONZALES. I do understand your concern, and I share your concern. There should be only one standard, and that is what the law requires to ensure that the personal data with respect to individuals is not compromised. You are correct: when that happens, it can be devastating to individuals. We have an obligation to ensure that we are doing everything we are legally required to do and perhaps beyond that to ensure the protection of this kind of information. If we are not doing that, Senator, I am going to—I want to know why and—

Senator LEAHY. Well, I have asked this question. I will be following up with you, and somebody should look carefully into it.

Attorney General GONZALES. Yes, sir.

Senator LEAHY. I was glad to hear you say you want to keep FISA helpful in your answer to Senator Mikulski's question; I am glad to know that you consider it helpful. Next time you are down at the White House, you might want to mention it to them that it is helpful, because the word has not gotten there.

CRIME VICTIMS FUND

I have one last question on the crime victims fund. I saw so many victims of crime when I was a prosecutor. It has gotten far worse now than it was then just because we have become a larger country, and crime has gotten even more vicious. The crime victims

fund has been so helpful all over the country, and now I find the administration wants to raid it of roughly \$1.25 billion by the end of the fiscal year. Last year, the administration tried to do that. Congress, in a bipartisan way, blocked it.

Now, this is not money from American taxpayers. It comes from criminal fines——

Attorney General GONZALES. And penalties.

Senator LEAHY [continuing]. And forfeitures. It has provided critical services: 4 million victims of domestic violence and sexual assault, child and elder abuse, drunk driving, all these other crimes, this is \$1.25 billion, what we will spend between now and the end of the week in Iraq. But we are cutting this from people here in the United States who desperately need it. How can you justify that?

Attorney General GONZALES. Well, Senator, there has been a cap on the use of this excess above what has been appropriated since, I believe, 2000 or 2001. And so, when you say how can you take this away from victims, the truth is we cannot even spend it on victims. There is an obligation cap on spending this money. What we are——

Senator LEAHY. Operation cap? This is going to leave it at zero going into 2008. I guarantee you, just go one dollar over zero, and we will spend that.

Attorney General GONZALES. We begin collecting receipts for 2008 in 2007. If we look at the record of the past few years, we can see the receipts will clearly reach a level of \$625 million, which is what both the administration and the Congress have indicated in the past few years is an appropriate level of expenditure with respect to——

Senator LEAHY. No, because last year, when you tried to cut it out, we put it back in, so now you are trying the same thing so we will put it back in?

Attorney General GONZALES. But, Senator, you said you put it back in——

Senator LEAHY. Big spending Congress?

Attorney General GONZALES [continuing]. We cannot spend it on victims. You characterize this as monies that are available for victims, and yet, you would not let us spend it. There is a cap.

Senator LEAHY. And drunk driving and child and elder abuse and a whole lot of other things. Maybe we are ships crossing in the night, but under your plan it is zeroed out by fiscal year 2008. How many of these organizations that are using this are going to be able to plan for it?

Attorney General GONZALES. We will commence collecting receipts for 2008 in 2007, and we will have a very good idea as to whether or not the receipts are going to be sufficient to meet the obligations.

Let me just emphasize that again, this administration is very much committed to crime victims. That is why we support the \$625 million to be spent on crime victims programs. What we are talking about is \$1.2 billion, which represents a perpetual float. It is not appropriate—well, I am not an accountant, but it seems to me it seems an odd accounting—I do not want to say gimmick—but procedure to include this in the budget when, in fact, it cannot be

spent for crime victims. And it simply rolls over year after year after year. We believe very strongly in ensuring that there is a large amount of money available for crime victims, and we believe \$625 million——

Senator LEAHY. Well, I think it is going to come as a huge surprise to a lot of people who deal with crime victims around this country that, gosh, we have got too much money for you to use. I know so many crime victims organizations that are desperate for money for battered women——

Attorney General GONZALES. But, Senator, you will not let us spend the money.

Senator LEAHY [continuing]. For abused children——

Attorney General GONZALES. You will not let us spend the money.

Senator LEAHY. What?

Attorney General GONZALES. You will not let us spend the money for crime victims above \$625 million. So to say that the——

Senator LEAHY. Well, let me put it this way: you say the Congress, so it is Congress' fault. Has the administration ever asked us to put more money or lift these caps?

Attorney General GONZALES. Well, I think the \$625 million is sufficient to meet the needs of crime victims.

Senator LEAHY. Okay. Thank you, Mr. Chairman. I appreciate the time.

Senator SHELBY. Senator Harkin.

Senator HARKIN. Thank you very much, Mr. Chairman.

BYRNE GRANT PROGRAM

Mr. Attorney General, I want to get back to the Byrne grant program. Funding has been eliminated in the budget. One of the rationales offered is that the program has not demonstrated a satisfactory level of performance results. You said in your opening statement that your budget cuts programs have not met our high standards.

However, the people in Iowa tell me that there has never been any effort on the part of the Bureau of Justice Assistance to actually measure the performance results of this program. Mr. Attorney General, has there been a valid effort to determine if Byrne dollars are working nationally as well as they are in Iowa?

Attorney General GONZALES. My understanding, Senator, is that with respect to the Byrne grant funds that are discretionary, they are all earmarked, and it is very, very difficult for us to determine whether or not they are being effectively spent. I do not know the answer to your question as to whether or not there has been some kind of effort by the Department to evaluate the effectiveness of these grants in your State, but I can certainly find out and get back to you.

Senator HARKIN. I am talking about nationally. I mean, you said that you cut these programs that do not meet your high standards and that have not demonstrated a satisfactory level of performance results. Well, how can you zero out the Byrne grant program when you do not know?

Attorney General GONZALES. Well, Senator, I think that again——

Senator HARKIN. May I correct one thing?

Attorney General GONZALES. Yes.

Senator HARKIN. You said that all the dollars were earmarked? Is that what you said?

Attorney General GONZALES. Well, with respect to Byrne grants, some are based on formulas to States.

Senator HARKIN. Yes, \$416 million was formula.

Attorney General GONZALES. And some are discretionary.

Senator HARKIN. \$167 million.

Attorney General GONZALES. Which are earmarked.

Senator HARKIN. \$167 million.

Attorney General GONZALES. All of it is earmarked.

Senator HARKIN. \$167 million.

Attorney General GONZALES. As I understand it.

Senator HARKIN. Pardon?

Attorney General GONZALES. As I understand, all of it is earmarked.

Senator HARKIN. \$416 million went out by formula.

Attorney General GONZALES. Exactly; some of it is by formula to the States, and a portion of it, which is discretionary, and all of that is earmarked.

Senator HARKIN. And that is \$167 million. I said that.

Attorney General GONZALES. Yes, sir, and part of the problem that we have with the earmarks is, quite frankly, it takes off the table the ability of nonprofit groups, faith-based organizations to compete for these dollars. They can provide services, very important needy services to the community, but they are precluded from doing so because these programs—

Senator HARKIN. Can you name me one NGO or faith-based group that is doing the kind of work that the local law enforcement people are doing under Byrne in fighting methamphetamine?

Attorney General GONZALES. Perhaps not on the law enforcement side, but of course, in fighting methamphetamine, we are focused well beyond law enforcement. We are looking at education; we are looking at prevention; we are looking at reentry, and so, clearly, there are NGOs and faith-based organizations that are involved in that effort.

Senator HARKIN. That is true, but that is in another funding packet. Where do you fund that? That is not funded under Byrne. Byrne is for law enforcement.

Attorney General GONZALES. Well—

Senator HARKIN. I still want to get back. I mean, how can you say it has not met your high standards when there has not been any effort done to quantify performance results?

Attorney General GONZALES. Senator, I did not say that there has not been an effort. Let me find out and confirm that with you.

Senator HARKIN. Well, I have reviewed the publicly available so-called performance assessment rating tool, PART analysis of the Byrne JAG program. It does not contain any feedback from any of the program participants or beneficiaries. Again, I would think that feedback and actual results, which I can compile, would be included in any type of review. Why would that not be included?

Attorney General GONZALES. Well, Senator, let me just say this, and I would like the opportunity to get back to you to respond to

your question. I want to make sure that I give you the most accurate information that I can. But in terms of while Byrne grants may have been zeroed out, we are giving a lot of money to States, to local communities on a wide variety of issues including drugs, \$10 million for the prescription drug monitoring program; \$70 million for drug courts.

And so, the fact that Byrne may have been cut does not mean that State and locals are not receiving Federal dollars with respect to some of these programs. What we have done is identified those priority areas for this President and focused money on those priority programs.

Senator HARKIN. Well, all I can say is that just between 2005 and this year, Iowa absorbed a \$2 million cut, 42 percent of the funding. And again, this paid almost exclusively for drug task officers going to have to be laid off in the middle of a meth epidemic.

And again, I recognize you have to have education. We need more money for rehabilitation. We do not have enough money in there for meth rehab. The recidivism rate is very high, because we know that to effectively get people over the hump on meth, it takes 6 months to 1 year. Yet, we are treating them for 6 weeks, and then, we are wondering why they are showing back up in our jails and our prisons again. So we do not have enough money for that either. But I am really upset. As far as I have heard from law enforcement all over this country, the Byrne grant program has worked. It is working well.

I just want to say one other thing for the record, Mr. Attorney General. On the issue of performance results, States are required to report the results of the Byrne grant program to the Bureau of Justice Assistance. Last year, my staff asked BJA about this reporting. They were told that 20 States had not met the deadline to turn in their reports. So we investigated that. We called these States. And then finally got back to BJA, and they conceded that, in fact, only Guam and American Samoa had failed to turn in their performance results. We were being told that 20 States had not.

So again, this all calls into question your justification for eliminating the program. You say you are going to get back to me on it. I appreciate that. But what in the meantime do I tell law enforcement officers in Iowa and others when I see the budget eliminated? You know, again, I just see no justification for it whatsoever. And I still do not know the answer as to why it has been eliminated. But if you can get back to me on that, I would appreciate it.

[The information follows:]

CUTS TO BYRNE JAG PROGRAM

In order to focus departmental resources on counterterrorism, which is and must be the Department of Justice's (DOJ) overriding priority, the Administration was required to make difficult choices in this budget proposal.

The President's fiscal year 2007 budget proposal recognizes the Federal government's responsibilities in regard to supporting effective law enforcement and improving the nation's criminal justice system. If approved as proposed, the President's fiscal year 2007 budget will provide over \$1.2 billion to State, local, and tribal law enforcement through the U.S. Department of Justice. This includes \$66.6 million to strengthen communities through programs providing services such as drug treatment; \$88.2 million to combat violence, including enhancements to Project Safe Neighborhoods; and \$209 million to support drug enforcement, including funding to

continue and expand the Southwest Border Drug Prosecution Program. The initiatives included in this proposal were selected by concentrating scarce resources on the highest priority criminal justice issues; promoting effective, evidence-based approaches to improving law enforcement and criminal justice system capabilities; and eliminating funding for programs that could not demonstrate results.

The proposed elimination of the JAG Program in fiscal year 2007 is based on this program's inability to clearly demonstrate its effectiveness. During the fiscal year 2005 PART assessment of the JAG Program and its predecessors (the Byrne Formula Grant Program and the Local Law Enforcement Block Grant), OMB concluded that these programs have not been able to clearly demonstrate through quantifiable performance measures that they had achieved nor were making progress toward their goals. In light of the broad array of assistance offered to State, local, and tribal law enforcement agencies through OJP, the Administration determined that the funds currently devoted to the JAG Program could be used more effectively elsewhere.

VIOLENCE AGAINST WOMEN ACT

Senator HARKIN. One last thing, Mr. Attorney General, and that is the Violence Against Women Act. The President hailed the reauthorization of it when he signed the bill in early January, but in February, the budget provided no funding for any of the new programs authorized by the Violence Against Women Act. That included \$50 million in funding for victims of sexual assault. I was just visited in my office this morning by some people regarding that.

It is the first time that sexual assault victims received dedicated funding. And again, if you have any information on that at your fingertips, I would like to know why there was not any funding for any of the—

Attorney General GONZALES. Well, Senator, I believe that the President's budget does include \$347 million for the Office on Violence Against Women. So perhaps I need to go back and check my figures, and I am happy to do that. If we need to give you more information about what we are doing for victims of violence, be happy to do that.

Senator HARKIN. Well, I would appreciate that, because I am told that there is no funding for any of the new programs, one of which is in funding for victims of sexual assault. It is the first time that they received dedicated funding, and there was no funding for it.

Attorney General GONZALES. I would be happy to look at that. [The information follows:]

VIOLENCE AGAINST WOMEN ACT FUNDING WITHIN THE DEPARTMENT OF JUSTICE

The 2007 President's budget for the Office on Violence Against Women (OVW) is \$347,013,000. An additional \$21,869,000 is requested for victims of child abuse programs administered by the Office of Justice Programs. These amounts do not include increased funding or new initiatives based on the recently enacted reauthorization of the Violence Against Women Act (VAWA), due to the fact that the reauthorization was signed just prior to the release of the 2007 President's budget. As the Administration prepares future budget proposals, the reauthorization will be considered. In the interim, OVW is actively working on a plan to make the changes directed by the new legislation for the current VAWA grant programs.

Senator HARKIN. I appreciate that. Thank you, Mr. Attorney General.

Thank you, Mr. Chairman.

Senator SHELBY. Senator Kohl.

Senator KOHL. Thank you, Mr. Chairman.

BYRNE GRANTS

Just to conclude the Byrne grant questions, Mr. Attorney General, if you talked to police chiefs or sheriffs all across my State, all across the country, they say that the Byrne grant program is the backbone of Federal aid for local law enforcement. Now, it has been for many, many years. They have always attested that it was a good program, that the funds were used carefully.

As you know, the funds are appropriated down to the local level so that each dollar becomes very important. We are not talking about billions. We are talking about, you know, millions and thousands and hundreds of dollars so that they see that these dollars are used very efficiently. I think there is ample evidence that that is true.

Now, you have not told us why you would see fit not to cut this program but to scrap it. Did I hear your explanation, or have you not given it?

STATE AND LOCAL PROGRAMS

Attorney General GONZALES. Well, let me try to clarify what I have said. With respect to Byrne, this has been a difficult decision. The decision was made that we have got to be more focused on the priorities of the administration. And if you look at the money that is going to State and locals, there is a lot of money that is being spent for State and locals on areas like terrorism, \$40 million for terrorism. And so, it may not be going through a Byrne grant, but there is \$40 million going to State and locals regarding terrorism; to reduce crime, \$16 million for VCIT programs; \$59 million for Project Safe Neighborhoods; \$15 million for gang training and technical assistance; \$10 million for prescription drug monitoring; \$7 million for drug courts; \$15 million for ICACs; \$22 million for trafficking; \$2 million for sex offender registry; \$347 million for Office on Violence Against Women; \$106 million for DNA; \$40 million for the national criminal history improvement program (NCHIP); \$30 million for Southwest border prosecution; \$50 million for the weed and seed program; \$31 million for Indian country problems; \$40 million for meth cleanup; \$3.9 million for training.

The point is, Senator, there is a lot of money going to State and locals. We have simply decided that it is better—we have a responsibility to the taxpayers to ensure that the monies that are being allocated to the States are focused on specific programs which we believe are effective, which we believe affect the most pressing needs of our communities.

And we believe it is a more effective way to provide monies out to deal with local issues. This does not reflect in any way a lack of commitment to working with State and local officials who we consider our partners. We want to continue to build on that relationship, but we have a responsibility, too, to the taxpayers, and we believe this is a more responsible way to get dollars down to State and local officials.

Senator KOHL. Are you saying that these programs total up to as much as more than the Byrne grant program.

Attorney General GONZALES. No, sir, I am not saying that.

Senator KOHL. I see.

Attorney General GONZALES. I am not saying that, no, sir.

Senator KOHL. I think when we add up the dollars, Mr. Attorney General, we are talking about cuts, significant cuts.

Attorney General GONZALES. But, sir, I am not sure that our service to our communities can be measured solely in the dollars. The dollars have to be spent efficiently and wisely, and I know as a businessman, you understand that and can appreciate that.

And so, that is the question: are we spending the taxpayers' dollars efficiently and wisely on programs that are targeted on the greatest needs in our communities?

Senator KOHL. But you have never assessed the program. You are apparently saying the money was not being spent efficiently. You are sort of winging it when you say that, and I do not want to use that word inappropriately.

Attorney General GONZALES. Yes, sir.

Senator KOHL. So we are just going to cut it.

Attorney General GONZALES. No, Senator, what I am saying is that we have identified in this budget the President's priorities: the pressing needs within the communities, and the decision has been made that we ought to take the monies in the budget and target those needs and focus dollars on the programs that address the most pressing needs.

Senator KOHL. That is fine, and I appreciate that. I think these scarce dollars that have been appropriated to local law enforcement should not have been cut; now, of course, we can have a difference of opinion on that, and it is very strongly felt out there at the local level, where I know you are focused.

Attorney General GONZALES. Sir, I hear about it when I travel. Obviously, this is an important issue. But I think, and I may be wrong about this, but I think State and local officials, they care about the dollars. I am not sure that they care that they be funded through the Byrne program. If there is another way that the dollars are getting down to the State and local officials, obviously, that is what they care about.

Senator KOHL. Just one other, and then, I will turn it over to Senator Murray.

COMMUNITY ORIENTED POLICING SERVICES

The COPS program, as you know, was a brilliant program for several years. It was universally acclaimed as being successful. It was at \$1 billion at its zenith, and now, it is basically zeroed out. Now, when Attorney General Ashcroft was here several years ago, and we asked him about it, I want to quote what he said: he said the COPS program was, quote, a good thing, quote, that it had worked very well, and quote, that it had been one of the most successful programs that we have ever had, quote.

So now, we are talking about taking a program that did as much good around our country again at the local level, which is where it is all about, and we are just saying let us forget about it. Why would you do that?

Attorney General GONZALES. Let me just echo General Ashcroft's comments about the importance of the COPS program. Putting more people on the streets, I think, is one reason we have had a reduction in violent crime across America. The COPS program in

terms of hiring more cops was focused on getting 100,000 cops on the street by a certain period of time.

We met that goal. I do not believe it was ever intended that we would continue to make monies available to continue to fund more hiring of State and local police officers on the streets. Now, having said that, there is still \$400 million in proposed appropriations for the COPS program. There is \$102 million for COPS-administered programs, including \$31 million for Indian country issues, \$40 million for meth cleanup, \$3.9 million for training of State and local officials.

And so, this notion that we have zeroed out COPS, there is no money for hiring additional police officers, but that was reflected in last year's budget approved by Congress. There were no additional COPS dollars for hiring police officers. That is the budget that Congress passed. And so, this is consistent with what Congress did in 2006, and I would just again remind you that there is \$400 million in proposed appropriations in the COPS program.

Senator KOHL. Thank you, Mr. Chairman.

Senator SHELBY. Senator Murray.

DRUG CARTELS

Senator MURRAY. Well, thank you very much, Mr. Chairman. Let me ask you about the meth program, because I am deeply concerned that—well, back in 2001, actually, a Drug Enforcement Administration estimate said drug cartels made up 80 percent of the meth consumed in the United States, and that has probably increased since then because of the crackdown we have done on some of the home mom and pop production.

But what we do know is that these cartels require about 200 metric tons of ephedrine and pseudoephedrine every year, and it is about 10 percent of the world's output of those legal chemicals. I am very concerned that we may be missing an opportunity to work with chemical factories abroad to prevent the cartels from getting their hands on these chemicals, and I wanted to know what you and the administration are doing to go after these cartels and their suppliers to stop the flow of meth into our communities.

Attorney General GONZALES. Those are all very good questions, Senator. I am sure Administrator Tandy will be able to amplify on what I have to say.

We are working with countries like China, Germany, and India to restrict the import of precursor chemicals into Mexico, because you are right, it is a serious problem. And we are working closely with our counterparts in Mexico about this issue. I have had several meetings with the Mexican attorney general. He and I are attending an anti-meth conference in Dallas in May, because he understands how serious this issue that we can do, we can pass all the laws here at the Federal level and at the State level which have been successful with respect to reducing mom and pop labs, but if we do not have some help from Mexico and the law enforcement efforts there, it is a tough, tough battle.

And so, I share your concern. We are focused on it. I know Administrator Tandy is working on this issue, and Mexico has already passed legislation to—maybe not legislation; could be regulations to deal with limiting access to precursor chemicals as well. But you

are right: the problem is that we have to put limits or try to retard efforts to have precursor chemicals come in from other countries, and we are doing that.

Senator MURRAY. Good, we do not want to miss that, because I think it is the gorilla in the room if we are not focused on these drug cartels and where they are getting their supplies, so I really encourage you to do that and want to hear more about that as we go along.

NORTHERN BORDER

Let me ask you another question, because the importance of local law enforcement agencies having the ability to work closely with their Federal counterparts has never been more significant, and in my opening statement, I talked about the concern I have about the need to increase Federal, State, and local law enforcement partnerships.

In my State, southwest Washington is an area where law enforcement continues to talk to me about the need for an increased Federal presence. Vancouver, Washington right on the border, Columbia River, is now the fourth largest city in Washington. It is projected to be the second largest by 2010, and as you probably know, Federal agents cannot cross over the Columbia River, because that represents the dividing line of Federal jurisdiction.

What that means is that southwest Washington's primary offices for Federal assistance are located more than 100 miles away, and there is a lot of threats we are hearing about including organized crime and drug trafficking. So a Federal presence in Vancouver is really essential for our State.

And I wanted to know, I know we got about six new staff a few years ago, but I would like to ask if you would be willing to work with my office and law enforcement stakeholders in our region to take a look at this situation and really help us find some solutions to this.

Attorney General GONZALES. Senator, I am told, and I do not know how current this information is, that the Department has 769 personnel in your State. We may only have two agents in Vancouver.

Senator MURRAY. Correct.

Attorney General GONZALES. Period; that may be the sole scope of our presence.

I am not sure that that is right, and so I have asked our folks to look at this issue, and I would be happy to work with you on it.

Senator MURRAY. I would really appreciate if we could get together and focus on that with some of the folks from southwest Washington. I think we need to come up with some solutions for them. It is really becoming more and more critical.

I also wanted to talk to you about the challenges facing our northern border States with respect to some of the typically border related cases. You and I have talked about this before. We are seeing increased border apprehensions for drug smuggling, money laundering, other crimes because we have increased the number of people on the border.

The southwestern States, as I said, have a Federal program for reimbursement. We do not have a similar program at the northern border, and this really puts a tremendous burden on our local officials. I know they have talked to you. I know Senator Cantwell and I have mentioned this many times.

I wanted to find out would you support an effort to expand the southwest border prosecution initiative program to our northern border States?

Attorney General GONZALES. I would be happy to talk with you about it. I worry about the fact that 70 percent of our immigration cases are on the southern border, and 30 percent are on the northern border.

[The information follows:]

NORTHWEST BORDER SECURITY

The Department does not support an effort to expand the Southwest Border Prosecution Initiative to the Northern Border at this time. A review of the Department's statistics indicate that 68 percent of all immigration cases occur on the Southwest Border (12,318 immigration cases were filed in the Southwest Border Districts out of a total of 18,147 immigration cases filed nationwide in 2005). Furthermore, the Department did an extensive study of this issue and determined that while both borders share some of the same vulnerability the security of the SW border requires significantly more resources and personnel to address the explosion of people crossing the border illegally.

Senator MURRAY. But I would remind you that Ahmed Rassam came through the northern border.

Attorney General GONZALES. No question about it. Obviously, we need to be concerned.

Senator MURRAY. I believe there was an investigation a few weeks ago that showed that a dirty bomb could get through that came through the northern border in my State.

Attorney General GONZALES. No question about it.

My own view of reimbursement of costs of State and local officials is that quite frankly, the Federal Government needs to do its job. It needs to do a better job of securing the border so that you do not have the kinds of burdens that we see today on municipalities and State governments. So I think that should be our focus. In terms of focusing on reimbursement, I think we ought to be focusing on, quite frankly, the Federal Government doing its job, but I would be happy to talk to you about it.

Senator MURRAY. Well, we had the same conversation 1 year ago. It feels like we are in the same spot; no changes.

So I would really like to hear from you if you could get a response back to us how we are going to deal with this critical issue.

Attorney General GONZALES. Yes, ma'am.

Senator MURRAY. Thank you.

Senator SHELBY. Mr. Attorney General, we appreciate you appearing here today, and we appreciate your service to the Nation. We have a number of additional questions we will submit for the record, and we would appreciate your timely response if you can do it as soon as you can.

Attorney General GONZALES. I will, Mr. Chairman.

FEDERAL BUREAU OF INVESTIGATION

STATEMENT OF ROBERT MUELLER, DIRECTOR

Senator SHELBY. And at this time, we would like to call the second panel of witnesses. They are Director Robert Mueller, Director of the Federal Bureau of Investigation; Administrator Karen Tandy, Drug Enforcement Administration; Director Carl J. Truscott, Bureau of Alcohol, Tobacco, Firearms and Explosives; and Director John Clark, United States Marshals Service.

Director Mueller, we will start with you. If you could just sum up briefly, because we have enough; your top points. We welcome you to the subcommittee, and we also appreciate your service, all of your service to the country.

Mr. MUELLER. Thank you, Mr. Chairman, and thank you for having me today, and thank you, Senator Mikulski, Senator Leahy, for being here. Thank you for the opportunity to testify today in front of you. I want to thank you also for the funding that was provided to the FBI in the Hurricane Katrina supplemental, and I understand yesterday that the 2006 war supplemental may also have passed through the Senate, and we thank you for your support there.

NATIONAL SECURITY BRANCH

My testimony sets forth the details supporting the budget request of the over 31,000 positions and \$6 billion, and I do not want to spend a great deal of time on that because it is in my written remarks. I will say, I want to spend a couple moments at the outset first of all talking about the national security branch that was approved in September. And the mission of the national security branch, as you are well aware, is to position the FBI to protect the United States against weapons of mass destruction, terrorist attacks, and foreign intelligence operations.

With regard to the budget for the national security branch, we have asked for \$25.8 million for resources to respond to terrorist threats and incidents such as those posed by weapons of mass destruction; \$15 million for essential infrastructure enhancements; and \$16 million to support our core intelligence processes.

I do want to make the point that while national security efforts remain our top priority, we continue to fulfill our crime fighting responsibilities as well. Public corruption is the top criminal priority for the FBI. In the last 2 years, our investigations have led to the conviction of over 1,000 Government employees involved in corrupt activities, to include 177 Federal officials, 158 State officials, 260 local officials, and more than 365 police officers.

At the same time, we continue to focus on implementing the national gang strategy along with ATF. This strategy is designed to identify the prolific and violent gangs in the United States and to investigate, disrupt, and dismantle their criminal enterprises.

SENTINEL

Having made those two points, Mr. Chairman, I would like to spend a couple of moments to focus on Sentinel, which was raised in your opening remarks. As you are aware, as we have discussed, on March 16, we announced the award of a \$305 million contract

to Lockheed Martin for the development, operation, and maintenance of the Sentinel program. And I would like to spend a couple of moments responding to anticipated questions and some of the remarks you made in your opening comments.

As you are aware, the \$305 million contract cost constitutes approximately \$232 million for development of Sentinel, and this new information management system will be developed over a period of approximately 4 years and will be deployed in four phases. We anticipate completion of the first phase approximately 1 year from now. And as each phase is completed and deployed, we will begin to incur costs for operation and maintenance or O&M, as it is called.

After completion of the final phase in 2009, we have the opportunity to exercise the option for Lockheed Martin to continue providing O&M for an additional 2 years, through 2011.

With regard to these four phases, each phase will deliver a new standalone capability and will provide greater access to existing information and will, as importantly, facilitate the input of information into the system and the dissemination of information to others both inside the FBI as well as to our partners outside the FBI. In addition, Sentinel will provide the FBI a system that is flexible and adaptable to address future advances in technology and changes in our mission and the threat environment.

I know that, Mr. Chairman, you are concerned as we are concerned about the success of this program, and to ensure the successful and the timely completion of Sentinel within budget, we have structured the contract with Lockheed Martin in such a way as to provide clear requirements, deliverables, and milestones. The contract is also structured so that each phase is an exercisable option. And in addition, we have invited close scrutiny of each phase of the Sentinel process through multiple venues, both internal and external.

We have created a strong program management office for Sentinel and staffed it with skilled technical, programmatic, business management, and administrative subject experts. In fact, two of our program management employees have recently been honored by industry for their leadership and their accomplishments.

We also have independent contractors who will conduct verification and validation reviews of the Sentinel program, of the management office, of the Lockheed Martin's performance and the performance of the subcontractors in order to ensure proper execution and delivery of Sentinel. We have asked the GAO and the inspector general to work with us as we undertake this 4-year program to ensure that we are on the right track.

We are aware of the GAO's recently released report to which you alluded in your remarks, and we welcome that report, and we have established safeguards for Sentinel, as has been recommended in that report by GAO. The Justice Department inspector general will be conducting audits of Sentinel throughout the development and implementation of the program as well, and it recently released its first report on the preaward phase of Sentinel, which in part confirms that we are addressing the issues identified in the GAO report.

The Deputy Attorney General, the Department of Justice Chief Information Officer, the Office of the Director of National Intelligence, the Office of Management and Budget, are all meeting periodically with the Sentinel program manager and senior FBI management to ensure that Sentinel is proceeding as planned.

We have engaged as well outside experts to help us review and assess the implementation of Sentinel, and finally, Sentinel will be subject to close congressional scrutiny. We are committed to keeping this subcommittee and/or other oversight committees informed as we move ahead.

Mr. Chairman, we believe that the extensive internal and external oversight I have just described will ensure the successful delivery of Sentinel, and even so, we are ever mindful of the challenges of the past, and I believe we have learned from what went right and what went wrong with Trilogy. And I know you have a number of concerns, and I would like to briefly address three of those concerns, which you mentioned in your opening statement.

VIRTUAL CASE FILE PROJECT

First, the cost to the taxpayers of the Virtual Case File project as compared with this project: if you recall, sir, in the beginning of 2004, we were presented with Virtual Case File by the contractor. It did not work. We went into negotiations with that contractor. We were told that it would take \$50 million in addition to the \$170 million to get a project or a product that would work.

We employed outside independent contractors to come in and see whether it was worthwhile spending that money. They said no. That contract ultimately would have been around \$220 million if we were lucky. This is around \$232 million for the same development, but it is a development of a product that will put us on a firm foundation in the future.

Let me turn to the deficiencies in the GAO report. As I mentioned briefly, we have taken, we have looked at those deficiencies. We have established a new unit to address those deficiencies that were identified in the GAO report, and I believe that we, with that new unit, we will be on top of the matters that were pointed out to us by the GAO.

SENTINEL

And last, Mr. Chairman, I know that there were concerns about two of the subcontractors on the Sentinel project. One of those subcontractors was involved in providing training to employees under the Trilogy project, but that was not an issue with regard to the successes and/or the failures of Trilogy. The other subcontractor acquired an entity that had previously performed work on the Trilogy project, but that division has nothing to do with providing work on the Sentinel project.

Let me finish by summarizing and saying that we recognize that Sentinel is a large project and a large investment for the taxpayers of the United States.

Senator SHELBY. But an important one.

Mr. MUELLER. But a very important one, and it is important to the men and women of the FBI, who need this technology system, and I can tell you that we have learned from the mistakes of the

past. We are intent in bringing this home, and we have, in Lockheed Martin, I believe, a partner who will get us across the finish line.

And with that, I would be happy to respond to any questions on this or any other issues.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ROBERT S. MUELLER III

Good afternoon, Mr. Chairman, Senator Mikulski, and Members of the subcommittee. I appreciate the opportunity to appear before you today to discuss the President's fiscal year 2007 budget for the Federal Bureau of Investigation (FBI). I also would like to thank you for passing the fiscal year 2006 Katrina supplemental which included \$45 million for the FBI. Our employees in the Gulf region endured great suffering and devastating property loss in the aftermath of Katrina. In addition to the horrific personal toll the storm took on the people of the Gulf region, the FBI offices in New Orleans, Beaumont, Gulfport and Pascagoula were either severely damaged or completely destroyed. However, your funding is helping to rebuild our offices, put our employees back to work, and enable us to bring our capabilities back to pre-Katrina levels.

With this Committee's help, the FBI was able to establish Katrina Fraud Task Forces, in Lake Charles and Lafayette, Louisiana, to investigate and prosecute those unscrupulous individuals who seek to benefit from this national tragedy. We intend to continue this important work as the Gulf region recovers.

2007 BUDGET REQUEST

The fiscal year 2007 budget totals 31,359 positions and \$6.04 billion. The net fiscal year 2007 program increases total 75 positions. Our fiscal year 2007 budget is focused on enhancing and improving our infrastructure. Since September 11th, the FBI has undergone significant reorganization and tremendous personnel growth. However, FBI Headquarters (HQ) facilities and infrastructure programs have not kept pace with our transformation from a law enforcement entity to a key player in the Government's war against terrorism.

As an agency, we must find the proper balance between expanding our workforce and supporting on-board employees with the technology and infrastructure necessary to accomplish our dual mission as both a law enforcement and an intelligence entity. I believe the fiscal year 2007 budget will go a long way in rectifying the gaps between our rapid growth in personnel and our current infrastructure.

IMPROVING PHYSICAL INFRASTRUCTURE

The FBI's space for handling and storing classified information is currently inadequate. We are formulating a strategy to address Sensitive Compartmented Information Facility (SCIF) space requirements. The primary objective of the FBI's plan is to provide SCIF space and SCI connectivity to key national security field facilities by the end of calendar year 2007 which will be accomplished using resources requested in the fiscal year 2007 President's Budget.

In fiscal year 2007, the FBI is requesting \$33 million in construction funding for SCIF expansion. This funding would allow for information sharing between the FBI and our partners within the Intelligence Community (IC), as envisioned by the President and Congress. Without this SCIF expansion, the FBI cannot ensure an adequate intelligence infrastructure to achieve our strategic goals. In the fiscal year 2006 conference report you requested that we develop a plan to prioritize our SCIF expansion program. This report is currently under Administration review and we look forward to discussing it with the Committee once it is released.

We are also requesting \$8.8 million to acquire additional space for an FBI Headquarters Annex which would be located in the Washington, D.C. metropolitan area. Most of FBI's Headquarters components operate in fragmented and overcrowded office space. The FBI must secure an additional 150,000 square feet of useable space in order to accommodate the needs of new personnel coming on-board through fiscal year 2007.

The current FBI Academy training facilities located at Quantico, Virginia are inadequate to address the training needs of our analysts and Special Agent personnel. Most of the Academy's facilities were designed in the late 1960s to accommodate small groups in a traditional classroom training setting. However, given the FBI's growth and dual mission requirements, the Academy can no longer support our ex-

panding needs or provide us the forum to develop a world-class cadre of intelligence professionals.

After the September 11th terrorist attacks, the FBI developed and implemented professional training for Intelligence Analysts (IA) throughout the FBI. In October 2001, the Center for Intelligence Training (CIT), formerly known as College of Analytical Studies, was established at the FBI Academy. The CIT was established to improve the FBI's analytical capabilities to meet our present and future investigative responsibilities. All courses delivered by the CIT are designed to support the FBI's Counterterrorism (CT), Counterintelligence (CD), and analytical missions. The CIT experienced significant growth during its first years of operation and, based on expected hiring levels of new IAs, the FBI expects the CIT to continue to expand its operational and training missions.

In the fiscal year 2007 budget, we are requesting \$6.3 million to upgrade our CIT facilities by beginning the process of designing the CIT training center at the FBI Academy complex in Quantico, Virginia. The CIT will be a major element in continuing to promote and develop the FBI's leadership training for FBI-wide, State/local, and international law enforcement personnel.

We are also requesting \$11.9 million for interim space at the FBI Academy for the FBI's Hostage Rescue Team (HRT). Although HRT's current space was built to accommodate only 50 employees, there are currently more than 200 staff members using this limited space. As with many FBI units, HRT's responsibilities have increased enormously since the September 11th terrorist attacks. Over the past 3 years, the HRT has been deployed on 159 occasions, of which over 62 percent were related to counterterrorism. The HRT was also utilized in support of search and recovery efforts in the aftermath of Hurricanes Katrina and Rita. Much of HRT's work is sensitive in nature and must be conducted in a secure area.

INFORMATION TECHNOLOGY

We continue to upgrade and enhance our technological infrastructure. In our fiscal year 2007 budget, we are requesting \$100 million for Sentinel. Sentinel will leverage technology to reduce redundancy, eliminate inefficiencies, and maximize the FBI's ability to use the information in its possession. Our objectives for Sentinel include the following: (1) Deliver a set of capabilities that provide a single point of entry for investigative case management and intelligence analysis; (2) Implement a new and improved FBI-wide global index for persons, organizations, places, things and events; (3) Implement a paperless information management and work-flow capability; and (4) Implement an electronic records management system.

I want to stress that the Sentinel program is not a reincarnation of the Virtual Case File. In the past few years we have struggled with our information technology programs. However, we have learned hard lessons from our missteps and we are doing things very differently this time. Each phase of the Sentinel contracting process is being closely scrutinized by a team of FBI technical experts, the Government Accountability Office (GAO), the Office of Management and Budget, and the Department of Justice's Chief Information Office and Inspector General. Furthermore, at this Committee's recommendation, we have also engaged outside experts to help us review and assess the implementation of Sentinel.

On March 16, 2006, we announced the award of the contract for development of the Sentinel to Lockheed Martin. Under the terms of the \$305 million, 6-year contract, Lockheed Martin and its industry partners will use proven commercial off-the-shelf technologies to produce an integrated system that supports processing, storage and management of the FBI's current paper-based records system. The program includes an incremental development and delivery of Sentinel capabilities including \$73 million for operations and maintenance activities.

Now that the contract has been awarded, we are moving forward with phase one of the development process. Each of the four phases will introduce new stand-alone capabilities and will be user-focused. As each phase is implemented, existing information will be transferred to new systems and old legacy systems will be retired. As a result, Sentinel will replace a number of legacy applications including: Automated Case Management System (ACS); ASSET; Criminal Informant Management System; Bank Robbery Statistical Application; and Financial Institution Fraud and Integrated Statistical Reporting Analysis Application (ISRAA).

I will continue to update this committee on the progress of Sentinel and I expect and welcome your strong congressional oversight of this program.

NGI AND IAFIS/IDENT INTEROPERABILITY

We are also requesting funding for major enhancements to our Integrated Automated Fingerprint Identification System (IAFIS). IAFIS is the ten-rolled fingerprint

identification system that was successfully deployed in 1999 and is used by Federal, State, and local law enforcement and authorized non-criminal justice agencies to identify subjects with criminal history information. While IAFIS was a state-of-the-art system at its inception, technology has since advanced, and we must update IAFIS in order to meet the needs of our customers.

The FBI intends to meet these new requirements by implementing a Next Generation Identification system (NGI). We are currently conducting a comprehensive requirements study that will produce an Implementation/Strategy Plan, baseline Systems Requirement Document (SRD), Functional Requirements Document, and Requirement Traceability Matrix.

Once we have completed the planning effort, we will design, develop, and implement modular builds with each module providing improved functionality, such as improved accuracy and speed. The FBI is requesting \$38 million to support development of NGI.

Along with improvements to IAFIS, the FBI is developing interoperability with the Department of Homeland Security's (DHS) Automated Biometric Identification System (IDENT). DHS's IDENT program is a two-flat fingerprint identification system. Various legislative acts have required the FBI and DHS to ensure that the systems are interoperable and that the criminal and immigration information that they contain is accessible to, and shared among, other Federal, State, and local law enforcement agencies. In 2002, the FBI began providing DHS with extracted, partial data from IAFIS. This is a temporary solution until full interoperability can be achieved.

Interoperability efforts between IAFIS and IDENT are advancing. A multi-agency Interoperability Integrated Project Team (IPT) was established to address the problem. In June 2005, FBI Criminal Justice Information Services (CJIS), DHS United States Visitor and Immigrant Status Indicator Technology (US VISIT) and the Department of State signed a charter which established cooperative guiding principles for IPT. IPT is aggressively pursuing different interoperability models to find a solution to the problem. For fiscal year 2007, the FBI is requesting \$33 million to purchase hardware, software, and contract services to support this interoperability initiative.

HUMAN RESOURCES

During fiscal year 2005, this Committee provided the FBI with the legislative authority and resources to help us compete with other homeland security and Intelligence Community (IC) organizations who often recruited employees away from the FBI. The funding allowed us to provide recruitment bonuses for potential new hires, retention and relocation bonuses to existing employees with job offers from other government entities, and increased funding for our University Education Program and student loan repayments. Thanks to your support, the FBI used approximately \$22 million for these purposes during fiscal year 2005, including almost \$5 million on recruitment initiatives, \$1.6 million on employee retention and relocation bonuses, and \$14.9 million on degree programs and student loan repayments.

The additional funding this Committee provided as an extension of these authorities is allowing the FBI to extend relocation bonuses to agents assigned to high cost of living offices. Each of these incentives is providing us with the leverage to retain a high-caliber workforce to better serve the Nation in our fight against terrorism.

Additionally, this Committee provided for the establishment of our Sabbatical Program. Last year, the FBI sent participants to the St. Andrews Program for International Security Studies and to Harvard's John F. Kennedy School of Government. This year, we added several new partners to our Sabbatical Program and are able to provide opportunities for FBI employees to attend Mercyhurst College; the George C. Marshall Center; the National Defense University; the Naval Postgraduate School; the Marine Corps University; and the Naval War College. Students will benefit from receiving various certificates and degrees ranging from Applied Intelligence to National Resource Strategy.

The FBI is developing programs designed to recruit, train, develop, and retain professionals who have the skills necessary for the success of its national security missions. Among these workforce programs are the Special Agent career path and the Intelligence Career Service. These programs are designed to enhance the national security workforce and to create training and development opportunities for agents, analysts, linguists, and surveillance specialists in the FBI's national security programs. Last year, the FBI trained 589 new agents and over 1,000 Intelligence Career Service professionals.

The FBI will expand current in-service and virtual intelligence training initiatives for FBI employees and our partners in other Federal, State, local, and tribal agen-

cies. Efforts are underway to assess our training and to develop the capabilities we need as we go forward. Revisions to New Agents and Cohort training programs are also underway. We are requesting \$5 million in fiscal year 2007 to provide advanced intelligence training curriculum development and \$1 million to establish our Intelligence Officer certification program.

NATIONAL SECURITY BRANCH—CT/CI/DI

Over the past 4 years, the FBI has developed its intelligence capabilities and improved its ability to protect America from threats to national security. We have built on our established capacity to collect information and enhanced our ability to analyze and disseminate intelligence. Implementation of the National Security Branch (NSB) is the next step in the FBI's transformation.

On June 28, 2005, in response to the findings of the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission), President Bush directed the FBI to create a "National Security Service" within the FBI. The FBI implemented this directive through the creation of a new entity—the National Security Branch (NSB)—that integrates the FBI's primary national security programs under the leadership of a single Executive Assistant Director, and through policies and initiatives designed to enhance the capability of the entire FBI to support its national security mission.

The mission of the NSB is to optimally position the FBI to protect the United States against weapons of mass destruction (WMD), terrorist attacks, foreign intelligence operations, and espionage by integrating investigative and intelligence activities against current and emerging national security threats; providing useful and timely information and analysis to the intelligence and law enforcement communities; and effectively developing enabling capabilities, processes, and infrastructure, consistent with applicable laws, Attorney General and Director of National Intelligence guidance, and civil liberties.

The FBI's NSB was established and is making significant progress in integrating the missions, capabilities, and resources of the Counterterrorism, Counterintelligence, and Directorate of Intelligence (DI) programs. The NSB builds on the success of the DI and other initiatives already underway by helping to integrate the FBI's intelligence mission more fully into the FBI and into the IC, so that the IC can better understand FBI operations, while enhancing the FBI's ability to protect the Nation.

The NSB essentially puts one face on the FBI's intelligence mission to stakeholders, including Congress, other IC agencies, and the general public. The FBI is currently working with the Department of Justice (DOJ) and the Administration to ensure that the NSB meets the directives set forth by the President and is responsive to the Office of the Director of National Intelligence (ODNI).

A major part of our counterterrorism work has been supporting the war on terror overseas in Iraq and Afghanistan. The FBI's responsibility there is to protect U.S. interests and persons from terrorist attacks by conducting investigations and acquiring intelligence that would prevent, disrupt, and defeat terrorist operatives targeting America. The U.S. military and IC are partners with the FBI in this mission.

As a result of our intelligence gathering overseas, IC reports indicate Al-Qa'ida has declared its intent to execute a WMD attack against the United States. A successful attack using a WMD device consisting of a chemical, biological, radiological, or nuclear payload would have catastrophic consequences. Preventing the detonation of a WMD device through an effective, coordinated, and technically proficient response program is an FBI responsibility defined by Presidential Decision Directive-39. The FBI is requesting \$25.8 million to provide resources to respond to terrorist threats and incidents such as WMD and other explosive devices.

The DI oversees the Field Intelligence Groups (FIGs). FIGs are central to the integration of the intelligence cycle into field operations. The FIGs coordinate, manage, and execute all the functions of the intelligence cycle. FIGs include Special Agents and Intelligence Analysts as well as officers and analysts from other intelligence and law enforcement agencies. The establishment of FIGs in every field office during October 2003, and the issuance of initial guidance for their operations, laid the groundwork for enhancing the FBI's intelligence capability in the field. From January 2004 through January 2006, Intelligence Analyst staffing increased on the FIGs 61 percent, from 617 to 995. Work will continue with the implementation of a plan to more fully integrate the intelligence cycle into FBI field operations through standardized processes, pilot implementation projects, specialized training, and refinement of roles and responsibilities. We have also assessed our field-wide intelligence collection capabilities to include human, technical, and physical collection posture.

Our fiscal year 2007 budget request reflects our need for resources to close gaps identified in our Intelligence Program infrastructure.

In addition to overseeing the national security operations of the CT, CD and DI, the NSB is also accountable for the functions carried out by the other FBI divisions that support the national security mission, such as language translation support and Field Intelligence Group program management.

Today's FBI linguist cadre is 69 percent larger than it was on September 11th. The three languages with the largest growth are Somali, Pashto, and Turkish, each with an increase of over 400 percent. This growth was made possible by the resources provided by this Committee.

Another way we are providing support to counterterrorism and counterintelligence investigations is through the West Virginia Translation and Analysis Center. The Center provides field offices with an alternative to processing their Foreign Intelligence Surveillance Act audio collections. Analysts at the Center listen for pertinent English conversation containing intelligence material and provide English summaries and occasional full transcripts.

The National Virtual Translation Center (NVTC) is an excellent example of the continuous transformation efforts underway at the FBI: creative and aggressive recruiting; interagency resource sharing and collaboration; and streamlined methods for serving agencies across the United States government in support of the war on terrorism. The NVTC was established with Central Intelligence Agency (CIA) resources under the authority of the USA PATRIOT Act to provide accurate and timely translations of foreign intelligence material to the IC.

During 2003, the CIA awarded the FBI executive agency authority over the NVTC. Together with the CIA, we have recruited translators from the military and colleges, and secured added assistance through civilian contract staff. We continue to benefit from the interagency sharing of translation resources, collaborative use of human and automated translation capabilities, and parity in translation workload across various IC elements.

Additional fiscal year 2007 enhancements to the NSB include:

- \$15 million for Intelligence infrastructure requirements. This funding will provide essential infrastructure enhancements for the Intelligence Program including multi-media workstations, FALCON notebook computers for language analysts, electronic surveillance data management system development, expanded SIPRNET access, and IC XML application, Intelligence website support, and non-English web page postings.
- \$16 million for Intelligence Operations and Production. This funding will support initiatives that comprise the core intelligence processes that are aligned with the intelligence production cycle. This would provide 5 positions for human source validation, 52 positions for intelligence operations and production, FBIHQ operations and maintenance funding for the FBI's IIR Dissemination System [FIDS], a human source validation system, and physical surveillance support.

CYBER

The cyber threat confronting the United States is rapidly increasing as the number of people with the tools and abilities to use computers against us is rising. The country's vulnerability is escalating as the United States economy and critical infrastructures become increasingly reliant on interdependent computer networks and the World Wide Web. Large scale computer attacks on the Nation's critical infrastructure and economy could have devastating results. The Internet knows no boundaries. A perpetrator can sit at his computer anywhere in the world and gain unauthorized access to systems throughout the globe with complete anonymity. This puts law enforcement at a severe disadvantage and we must leverage all of our existing resources to bring cyber investigations to successful conclusions.

We must continue to increase our capability to identify and neutralize enterprises and individuals who illegally access computer systems, spread malicious code, or support terrorist or state-sponsored computer intrusion operations. Since fiscal year 2001, the FBI has seen a 906 percent increase in International terrorism, Counterintelligence, and Domestic Terrorism computer intrusion cases. The FBI's Legal Attaches are working closely with our international law enforcement and intelligence partners to combat this rising threat.

LEGAL ATTACHE PROGRAM

The FBI continues to expand its Legal Attache (Legats) program. International cases have become the rule, rather than the exception, for the Bureau. Legats are a key component of our extraterritorial law enforcement effort and often provide the

first response to crimes against the United States that have an international nexus. Legats also provide a prompt and continuous exchange of information with foreign law enforcement. But Legats are no longer just information conduits. Rather, these offices assist our counterparts overseas on joint investigations, intelligence-sharing, and the development of new methods to prevent terrorist attacks. Currently, we have 53 fully operational Legal Attaches offices, and 13 fully operational sub-offices covering over 200 countries throughout the world.

This year we plan to open six more offices, located in Afghanistan, Qatar, Sudan, South Africa, Algeria, and El Salvador, and convert two sub-offices, Port-of-Spain and Jakarta, to fully operational Legats. The San Salvador Legat office is being opened with the support and resources provided by this Committee for the intended purpose of working with El Salvador's law enforcement to target the MS-13 gang's leadership in one of its Central America strongholds.

CRIMINAL PROGRAMS

Although much of my testimony has been geared toward a discussion of the FBI's national security efforts, we continue to take great pride in our criminal programs. As with all of our investigative efforts, these criminal programs are in concert with the Attorney General's priorities, as announced earlier this spring. Specifically, as I mentioned earlier, we are aggressively pursuing any Katrina-related criminal fraud. The Attorney General has asked the United States Attorneys' Offices to adopt a "zero tolerance" policy toward all cases involving hurricane relief related fraud. To date, over 150 investigations have been initiated and over 100 individuals have been indicted on corruption and fraud related charges.

Public corruption is the top criminal priority for the FBI. The FBI's highly sensitive public corruption investigations focus on all levels of government. The heightened focus has helped increase both the number and quality of the cases being investigated. Over the last 2 years, FBI investigations have led to the conviction of more than 1,060 government employees involved in corrupt activities, to include 177 federal officials, 158 state officials, 360 local officials, and more than 365 police officers.

We also continue our work refining and implementing the National Gang Strategy (NGS). Developed in 1993, the goal of the NGS is to identify the prolific and violent gangs in the United States and to aggressively investigate, disrupt, and dismantle their criminal enterprises through prosecution under the federal racketeering statutes and other appropriate laws.

I know the escalation of gang violence is an area of particular concern to this Committee and the FBI appreciates the efforts and resources you have provided to law enforcement to attack this growing problem. With your help, in 2005, the National Gang Intelligence Center (NGIC) was formed to allow State, local and Federal agencies to share gang data across jurisdictions and identify trends related to violent gang activity and migration.

This multi-agency center functions from the Washington D.C. area and has coordinated information sharing with other investigative and intelligence operations of local, State, and Federal criminal justice agencies, and has become a national center for case coordination and information. The gang information provided by Federal, State and local agencies is one of the most vital aspects of this center for the successful integration and sharing of data.

Another area of concern for the FBI's Criminal Investigative Division is the escalating level of violence in the Southwest border region. The recurring violence on the Southwest border revolves around the Gulf Cartel drug trafficking organization, which has traditionally dominated the region and commanded smuggling operations along this stretch of the border.

The FBI is taking proactive measures to assess and confront this threat to public safety on both sides of the border through participation in multiple bi-lateral multi-agency meetings, working groups, and enforcement operations. The FBI, along with DHS, the Drug Enforcement Administration (DEA), and the Department of State, are working with the Mexican Attorney General's Office to identify Gulf Cartel members and is using all available techniques to disrupt and dismantle this dangerous organization and reduce the violence in the Southwest border region.

CONCLUSION

Mr. Chairman, Senator Mikulski, and Members of the subcommittee, today's FBI is part of a vast national and international campaign dedicated to defeating terrorism. Working hand-in-hand with our partners in law enforcement, intelligence, the military and diplomatic circles, the FBI's primary responsibility is to neutralize terrorist cells and operatives here in the United States and help dismantle terrorist

networks worldwide. Although protecting the United States from terrorist attacks is our first priority, we remain committed to the defense of America against foreign intelligence threats as well as enforcing federal criminal laws while still respecting and defending the Constitution.

This year will mark the 5-year anniversary of September 11. The FBI has changed dramatically since the terrorist attacks and we will continue to evolve to meet the emerging threats to our country. We have expanded our mission, radically overhauled our intelligence programs and capabilities, and have undergone tremendous personnel growth. With the fiscal year 2007 budget request, in order to capitalize on these changes and our past investments in personnel, we intend to bridge the gap between our growth and infrastructure by focusing on updating our technology and facilities.

Once again, I thank you for your continued support of the FBI. I am happy to answer any questions you may have.

DRUG ENFORCEMENT ADMINISTRATION

STATEMENT OF KAREN TANDY, ADMINISTRATOR

Senator SHELBY. Administrator Tandy.

Ms. TANDY. Good afternoon, Chairman Shelby, Ranking Member Mikulski, and members of the subcommittee. It is my pleasure to appear before you this afternoon to present and discuss the President's 2007 budget request for the Drug Enforcement Administration (DEA).

I want to thank this subcommittee for its support and guidance to DEA, also for your passage of the supplemental yesterday affecting DEA as well. Our enforcement efforts have been successful, and they have contributed to the 19 percent overall reduction in drug use over the past 5 years. As Congress appreciates and certainly this subcommittee, the devastation of drugs knows no bounds and takes an enormous toll on both human lives and our country's economy. It takes victims as young as the 10-month-old baby who died in January from ingesting a massive amount of his parents' heroin to 90-year-old nursing home patients who are hospitalized from exposure to methamphetamine that was being cooked in their nursing home.

METHAMPHETAMINE

Meth labs have now been found in every State in this country. Last year, about 35 percent of the meth consumed in America was homemade. Thanks to congressional leadership and new State laws, the number of small toxic labs in America has decreased, but meth use still remains high.

Today, about 20 percent of meth consumed in America is made here. The balance is manufactured and distributed by Mexican trafficking organizations operating in the United States and Mexico. DEA and the government of Mexico have joined together to combat that threat by redirecting our resources to specifically target Mexican meth manufacturing and trafficking both here and in Mexico.

GLOBAL DRUG TRADE

The global drug trade is a continuing and serious national security threat to Americans at home and to our interests abroad. Colombia produces about 90 percent of the cocaine that is smuggled into the United States. DEA is attacking that trade at its source and transit zones. Just 2 weeks ago, we charged 50 leaders of the

FARC, a State Department-designated foreign terrorist organization. We charged those 50 leaders with supplying more than 60 percent of the cocaine in the United States that is valued at \$25 billion.

Through our DEA operations in Afghanistan, DEA seeks to prevent that country from returning as a major U.S. supplier of heroin, as it was in the 1970s and 1980s and to help stabilize the Afghanistan government. Last year, DEA-led investigations resulted in the first ever extradition from Afghanistan to the United States.

DRUG FLOW PREVENTION STRATEGY

DEA's drug flow prevention strategy, which targets transportation choke points, focuses on disrupting the flow of drugs, money, and chemicals between the source and transit countries and America. We are requesting a budget enhancement to fund this strategy, which already has resulted in record seizures and disrupted trafficking in the western hemisphere, actually forcing them to suspend drug operations, change their modes of drug transport, and even jettison loads of drugs.

With this request, we can expand our foreign-deployed advisory support teams, the FAST teams that are in Afghanistan, to include one of those FAST teams in the western hemisphere and solidify as well the base for funding of our five existing FAST teams that are operating in Afghanistan.

DEA's drug flow prevention strategy, as I mentioned, included a 65-day interagency operation late last year that targeted the transit zones both in the eastern Pacific and in the Caribbean, and it was during that 65-day operation that 46 metric tons of cocaine were seized under our strategy. It included among those seizures the largest eastern Pacific seizure in the history of the Joint Interagency Task Force-South for that period. A temporary reduction in the ability of cocaine in the United States also appears to have resulted from this operation under this strategy.

DEA continues our assault on drug traffickers' illegal proceeds as well, and last year, I am very pleased to say that we stripped domestic and foreign drug traffickers of a record breaking \$1.9 billion in drug proceeds and in the denial of drug revenue. This exceeds internal goals in DEA, aggressive goals that were set for 2005, where we had a goal of \$1 billion to be seized in 2005; it exceeded our goal by 90 percent and got us one step closer to the point where the risk of seizure will begin to outweigh the financial gains for drug traffickers.

DRUG ENFORCEMENT ADMINISTRATION INTELLIGENCE ROLE

The second, the other budget enhancement, supports DEA's recent reentry to the intelligence community in order to provide DEA with the infrastructure required to function in the community and to increase our contribution to national security while at the same time protecting the primacy of the agency's law enforcement functions.

Nearly half of all State Department foreign terrorist organizations have ties to the drug trade. DEA is poised to make valuable and lasting contributions in the intelligence arena, and the President's 2006 supplemental request that you passed last night in-

cluded \$5 million to enable DEA to jumpstart that initiative this year, while the 2007 budget requests for funding remain so that we can continue this initiative through 2007.

The men and women of the Drug Enforcement Administration thank you for your support as we continue to score major victories and protect America against drugs. Thank you, and I look forward to your questions.

Senator SHELBY. Thank you.

[The statement follows:]

PREPARED STATEMENT OF KAREN P. TANDY

Mr. Chairman and Members of the subcommittee: Good afternoon, and thank you for the opportunity to testify on behalf of the President's Fiscal Year 2007 Budget request for the Drug Enforcement Administration (DEA). I appreciate your strong and continued support for the important work of DEA—reducing the availability of illicit drugs in the United States. Every single day, DEA's brave men and women combat the world's drug trafficking organizations. We wage the battle on every front. It begins with the cultivation or manufacturing of drugs, complete with the movement of chemicals, carries on through the transit zones and final distribution in our Nation's communities, and concludes with the laundering of the distribution proceeds. Furthermore, the battle extends well beyond our borders into foreign lands and into cyberspace. To this end, DEA continues to be an active partner in the war against global terrorism and protecting the homeland.

While we have made great strides over the years and continue to adapt to the increasingly complex challenges that face modern-day law enforcement, much work remains to be done. The resources that Congress provides are critical to our success and all of us at DEA are grateful for the chairman's and the subcommittee members' leadership.

In my statement, I will summarize some of our important successes of 2005, summarize the President's request for DEA, and discuss some of the challenges that lie ahead. An attachment for the hearing record that provides additional mission-related data also is included.

FISCAL YEAR 2005 ACCOMPLISHMENTS

Through continuous strategic thinking and planning, DEA is able to meet the ever-changing demands of contemporary drug enforcement. Ours is an organization that has had to be agile and resourceful in order to combat those whose criminal methods become more and more refined and complicated. Our successes in fiscal year 2005 are in those areas that are the agency's foremost priorities:

Financial and Money Laundering Operations.—DEA focuses on the dismantlement of the financial infrastructures of drug trafficking organizations, and the pay-off has more than met expectations. In fiscal year 2005, DEA stripped domestic and foreign drug traffickers of nearly \$1.9 billion in drug proceeds and revenue denied, which included \$1.4 billion in asset seizures and \$477 million in drug seizures. This, Mr. Chairman, exceeds DEA's fiscal year 2005 \$1 billion goal for asset and drug seizures by 90 percent. Furthermore, DEA's seizures nearly match DEA's fiscal year 2006 enacted appropriation for our Salaries and Expenses Account. We have developed a 5-year plan with an ultimate goal of taking \$3 billion away from all drug trafficking organizations by fiscal year 2009, and we are committed to meeting our goal. In fiscal year 2006, DEA will transform its current temporary staffing in Dubai, United Arab Emirates, into a permanent presence, with a commitment of four positions (including two agents). These positions will serve as a liaison for all drug enforcement matters, including financial investigations. We also are in the process of standing up a financial investigations team that will be staffed in Bogota and Cartagena, Colombia, and we anticipate establishing a money laundering group in Mexico City. It is our goal by adding offices in these regions, that we will be able to bolster our efforts to take potentially billions in drug profits away from trafficking organizations, and inflict enough damage to leave them unable to reconstitute their operations.

Since the launch of our "Money Trail Initiative" in July 2005, more than \$36.2 million in proceeds that traffickers attempted to smuggle from the United States have been seized. An investigation during fiscal year 2005 by a DEA-led multi-jurisdictional Organized Crime Drug Enforcement Task Force (OCDETF) of a Colombian-based money laundering operation resulted in 81 arrests and the seizure of \$7.8 million. During fiscal year 2005, DEA continued to be a key leader in the

multi-jurisdictional law enforcement effort that targeted the 45 “Most Wanted” drug trafficking and money laundering organizations, commonly referred to as CPOTs (Consolidated Priority Organization Target). As a result of this critical supply reduction strategy, 6 CPOTs have been dismantled and removed from the list of 45, and the operations of another 6 were significantly disrupted. In addition, in fiscal year 2005, 121 CPOT-linked drug trafficking organizations were dismantled and 204 CPOT-linked organizations were severely disrupted.

Fighting Methamphetamine.—DEA has redoubled its efforts to fight methamphetamine and continues to turn the tide against the use, trafficking, and manufacture of the drug. DEA takes a comprehensive approach to combating a problem that poses a unique and deadly threat to communities across America—enforcement, domestic and international precursor chemical control, and the identification and cleanup of the large number of small toxic laboratories. As trafficking patterns have changed, so has DEA. We have shifted our focus from the super labs in the United States, to the small toxic labs that spring up as a result. This is in addition to targeting precursor chemical control and increasing our focus on the Mexican organizations that conduct the vast majority of the methamphetamine trade. In fiscal year 2005, DEA spent an estimated \$176 million to combat methamphetamine, including \$18.8 million to administer 8,897 clandestine laboratory cleanups.

In August 2005, DEA wrapped up “Operation Wildfire”—a nationally coordinated law enforcement initiative that was designed to target all levels of the methamphetamine manufacturing and distribution chain in the country. Two hundred cities took part in the operation and the results were unprecedented—427 arrests and the seizure of 95 kilograms of methamphetamine, 201,035 tablets of pseudoephedrine, 153 kilograms of pseudoephedrine powder, and 224,860 tablets of ephedrine. In addition, 56 clandestine laboratories were seized and 30 children were rescued. A second operation in August, “Operation Three Hour Tour”, resulted in 170 arrests and the dismantlement of three major drug transportation rings with international ties, as well as 27 United States distribution groups. We estimate that these groups were capable of transporting enough methamphetamine into the United States to provide product for over 22,700 methamphetamine users every month. 1,634 kilograms of cocaine, 159 pounds of methamphetamine, 9 ounces of crack, 7 kilograms of heroin, 216 pounds of marijuana, and 22,000 dosage units of MDMA were seized in the operation.

In addition to these large scale operations, DEA’s Mobile Enforcement Teams (METs) continued their methamphetamine focus. Since 1995, METs have significantly increased the number of methamphetamine deployments. At the end of the first quarter of fiscal year 2006, 66 percent of MET deployments initiated targeted methamphetamine trafficking organizations. This compares to 21.8 percent in fiscal year 2003, 27 percent in fiscal year 2004, and 41 percent in fiscal year 2005.

DEA also has continued its work with our global partners including Canada, Hong Kong, and Mexico to target international methamphetamine traffickers and to increase chemical control efforts abroad. For example, the United States and Mexico have obtained a commitment from Hong Kong not to ship chemicals to the United States, Mexico, or Panama until Hong Kong authorities have received an import permit or equivalent documentation. Hong Kong officials also agreed to provide advance notice to a receiving country before a shipment is made. On the training side, in fiscal year 2005, DEA trained 105 Mexican officials in the areas of chemical control and clandestine laboratory cleanup. In partnership with Mexican law enforcement, DEA targets Mexican methamphetamine manufacturers, distributors and sources of supply based in the western United States and Mexico. One operation that culminated in March 2006, included the seizure of nearly 200 pounds of methamphetamine.

Internet Drug Trafficking.—In fiscal year 2005, DEA initiated 100 new internet investigations involving the online sales of pharmaceutical controlled substances. Over the course of fiscal year 2005, DEA arrested 62 individuals and seized \$44 million in cash, property, computers, and bank accounts from individuals who had been selling prescription drugs via the Internet. As a result of one internet drug trafficking investigation, Operation Cyberchase, DEA identified approximately 200 web sites that illegally sold prescription drugs and arrested 25 individuals who had been operating in the United States, India, Asia, Europe, and the Caribbean. DEA also led a 21-month OCDETF investigation that concluded with criminal charges against the principal Mexican steroid manufacturers, whose U.S. sales totaled an estimated \$56 million annually. DEA has arrested nine individuals, one of whom was the owner of three of the world’s largest anabolic steroid manufacturing operations. Eighty percent of the steroids seized in the United States last year originated from Mexican manufacturers.

War on Terror.—DEA is well-placed to identify those threats posed by international terrorism funded by drug proceeds. The case of Afghani Bashir Noorzai, who was arrested in the United States in April 2005, illustrates the link that exists between drug trafficking and terrorist organizations. Noorzai was the leader of the largest Central and Southwest Asia-based heroin drug trafficking organization known to DEA. Noorzai is charged with providing explosives, weaponry, and personnel to the Taliban in exchange for protection for his organization's opium poppy crops, heroin laboratories, drug transportation routes, and members and associates. Noorzai was also a close associate of a member of the Taliban leadership. During fiscal year 2005, DEA operations also included the deployment of 5 Foreign-deployed Advisory and Support Teams (FAST) to Afghanistan and the disruption of 8 and dismantlement of 2 terrorist-linked Priority Target Organizations (PTO).

Currently, Afghanistan is not a major heroin supplier to the United States; only about 8 percent of the United States supply comes from that country. However, DEA operations in Afghanistan serve a dual purpose—preventing the country from returning as a major supplier of heroin to the United States, as it was in the 1970s and 1980's, and helping stabilize the Afghanistan government as it battles the powerful drug warlords for control of portions of the country.

Mr. Chairman, I also am very proud to report that the FASTs have played a pivotal role in protecting the lives of both our U.S. military and our coalition partners in Afghanistan. The teams have identified narcotics traffickers involved in targeting U.S. forces with improvised explosive devices (IEDs) and have provided critical information obtained from DEA Human Intelligence (HUMINT) sources to U.S. Special Forces Teams. In fact, on several occasions after DEA shared its source information, the Special Forces have successfully intervened and seized IEDs, other bomb making materials, and weapons caches.

Assisting Local Law Enforcement.—This year, we had an additional mission in our longstanding support of state and locals—rescue and cleanup in the Gulf Region following Katrina. Our office in New Orleans sustained some damage and our Gulfport office was uninhabitable. Our operational assets had to be temporarily moved to Baton Rouge. With the funding DEA was provided in the fiscal year 2006 supplemental appropriation, repairs have been made and we have been able to return to our New Orleans office. Currently, we are operating in temporary space in Gulfport until repairs can be made for safe occupancy at our permanent location. In the aftermath of the storm, 251 DEA personnel, including Special Agents, Special Agent pilots, Intelligence Analysts, and other technical and logistical staff were deployed to provide law enforcement and rescue/humanitarian assistance to 13 law enforcement agencies in Louisiana, Mississippi, and Alabama. We established and manned mobile command posts and communications systems, and assisted with the rescue of 3,340 stranded victims using DEA helicopters, which included 70 senior citizens from a nursing home that had been flooded. DEA also assisted with patrol assignments, transported medicine to law enforcement personnel to combat hepatitis, and worked with Texas and Arkansas pharmacy boards on emergency refill procedures to serve Louisiana, Mississippi, and Alabama residents. I am very proud of the many members of the DEA community who gave so selflessly at a time of a national tragedy. You may be sure that we will continue to support the recovery efforts in the stricken areas in any way we can.

In addition to Katrina assistance, DEA remained dedicated to our critical state and local partners. For example, in fiscal year 2005, DEA led 217 State and Local Task Forces, with an on board strength of 2,096 Task Force Officers and 1,253 DEA Special Agents. We also have provided drug enforcement training to 41,000 state and local police officers in fiscal year 2005. DEA's Jetway Program, which instructs state and local law enforcement officers how to address interdiction issues in airports, bus and train stations, and hotel/motel environments, conducted nine schools in cities across the country during fiscal year 2005. Our Pipeline/Convoy Program, which teaches highway patrol officers how to address commercial and passenger vehicle interdiction issues, conducted 16 seminars in fiscal year 2005. These two important programs trained a total of more than 3,000 officers. DEA has trained drug unit commanders, DEA and other federal, state and local law enforcement intelligence analysts, and international narcotics leaders. Furthermore, we trained 1,100 police officers in the enforcement areas of clandestine labs and diversion.

Outreach and Public Awareness.—9,000 people have received victim, witness, and drug-endangered awareness training in fiscal year 2005. We also launched a public website (justthinktwice.com) in fiscal year 2005, designed for young people that provides information on topics such as methamphetamine, prescription drugs, drugged driving, marijuana, and drug legalization. Since the launch of the site, there have been an average of 200,000 hits per month, and many Governors have written to

the Attorney General to express how useful they have found the website to be and have pledged to publicize the website widely in their states.

FISCAL YEAR 2007 BUDGET REQUEST

For fiscal year 2007, the President's Budget requests \$1.9 billion for DEA (\$1.7 billion under the Salary and Expenses Account and \$212 million under the Diversion Control Fee Account). A total of 9,310 positions, of which 4,066 are Special Agent positions, will be funded. This request represents an increase of \$72 million over fiscal year 2006. I would like to call attention to a few highlights of the President's request.

Salaries and Expenses Account

The request includes a \$24.8 million investment to fund two initiatives:

Drug Flow Prevention Initiative (\$12.8 million and 10 positions) involves multiple agencies in multiple countries targeting major drug trafficking organizations (CPOTS). This initiative is designed to disrupt the flow of drugs, money, and chemicals between the source zones and the United States. The strategy DEA employs is to attack the organizations' vulnerabilities in their supply, transportation systems, and financial infrastructures. The program supports the Department of Justice's Strategic Goal of preventing terrorism and promoting the nation's security and enforcing federal laws and representing the rights and interests of the American people.

As part of this program, \$7.5 million is requested for our very valuable FAST operations. With this request, DEA has the necessary resources, coupled with Department of Defense funds, to permanently support the five FAST teams now operating in Afghanistan. In addition, one new team will be created whose initial focus will be on Western Hemisphere operations. Under the Drug Flow Prevention program, 10 positions and \$5.3 million also are requested to expand a successful multi-agency cocaine interdiction program known as "Operation Panama Express." Since its inception in February 2000, Operation Panama Express has seized 356 metric tons of cocaine, which averages almost 4½ tons per month for the past 6 years. The Country Offices in Venezuela, Guatemala, Honduras, and Ecuador and the Caribbean Field Division would receive additional Special Agent positions. Resources will be used to recruit additional HUMINT sources to provide information to DEA regarding drug smuggling operations involving the transit of drugs through Central America, and the Caribbean and Eastern Pacific zones. The information from these sources will provide an early warning against narcotics and terrorist threats, which will ensure that our southwest border strategy has a defense-in-depth capability.

I would add, Mr. Chairman, that this initiative follows a successful DEA 2005 international Drug Flow Prevention initiative ("Operation All Inclusive I-2005") that targeted the Eastern Pacific and Western Caribbean transit zones of Central America and the Central America land mass. By concentrating law enforcement efforts in this corridor, multi-ton bulk drug shipments were interdicted before reaching Mexico. All Inclusive's success with respect to seizures was unprecedented. Over 46 metric tons of cocaine was seized in transit zones during the 65-day operation, and included the largest EASTPAC seizures for the month of August in JIATF South's history, 21.3 metric tons. At the same time, DEA's domestic seizures decreased by 29 percent compared to the 65-day period prior to the operation. DEA's domestic cocaine seizures for the three-month period following the operation decreased by 27 percent compared to the three-month period preceding the operation, and by 36 percent compared to the same three-month period in 2004. Although other explanations are possible, preliminary analysis suggests that All Inclusive may have resulted in a temporary reduction in the availability of cocaine in the United States. Other All Inclusive seizures included: the largest ever cocaine seizure in Belize—2,376 kilograms; the largest ever currency seizure in Nicaragua—\$1.2 million; 3.9 metric tons of cocaine and \$5.7 million in currency seized in Panama; 21 metric tons of marijuana seized in Mexico. Furthermore, as a result of All Inclusive, we found that traffickers were forced to delay or suspend their drug operations, divert their routes, change their modes of transportation, and even jettison loads.

Intelligence and National Security (\$11.9 million and 57 positions—including one Special Agent and 42 Intelligence Analysts). In February of this year, Director of National Intelligence John Negroponte and Attorney General Alberto Gonzales signed a joint memorandum designating an element of DEA's Intelligence Division to be a member of the Intelligence Community (IC). IC membership will allow DEA to expand and strengthen its existing relationships with our nation's intelligence agencies. With 86 offices in 62 countries—the largest law enforcement presence abroad—DEA is poised to make valuable and lasting contributions in the intelligence arena. In DEA, intelligence drives enforcement strategies and operations.

This approach has yielded impressive results: since the terrorist attacks of September 11, 2001, DEA's Special Operations Division has produced 26,499 counterterrorism products for United States law enforcement agencies with counterterrorism missions; during fiscal year 2005, the El Paso Intelligence Center responded to more than 260,000 counterterrorism inquiries from federal, state, and local law enforcement agencies, of which 12 percent were directly related to counterterrorism. Moreover, as of December 31, 2005, DEA has identified 48 percent (21 of 44) of the organizations on the Department of State's Foreign Terrorist Organizations list as having possible ties to the drug trade.

This request will fund DEA's entry into the IC. \$4 million and 20 positions (including one Special Agent and 9 Intelligence Analysts) will create a National Security Intelligence Section (NN) within DEA's Intelligence Division. Through DEA's newly designated element, DEA will pass to the IC any counterterrorism or national security information it obtains during the course of its Title 21 drug enforcement mission. The NN objective will be to maximize DEA's contribution to national security, while protecting the primacy of the agency's law enforcement functions. \$7 million and 37 positions (including 33 Intelligence Analysts) will fund the development of a Central Tasking Management System (CTMS)¹ at DEA. The CTMS will track the acquisition of law enforcement investigative information and the dissemination of this information to other law enforcement and IC elements; establish policies and procedures for information acquisition and dissemination; produce acquisition plans, and establish an interface with acquisition management elements in the law enforcement community. Finally, \$1 million will establish base funding to continue the Reports Officer Program, which began as a pilot project in June 2004. The Reports Officers have proven beneficial in extracting and passing in a timely manner, DEA law enforcement information that is relevant to IC requirements. Specifically, the Reports Officers review DEA law enforcement intelligence reporting and develop reports based on that information which responds to IC taskings.

Program Offsets

In order to fund the Drug Flow Prevention and Intelligence and National Security initiatives, the President's Budget includes the following three offsets:

Regional Enforcement Teams (RET).—DEA proposes to eliminate the RET program, for a reduction of \$9 million and 34 positions (23 Special Agents). DEA's remaining resources would continue to target the drug trafficking organizations having the most significant impact on the United States. RET was seen as a program that did not tie as closely to DEA's core focus on international drug trafficking organizations.

Demand Reduction Program.—DEA proposes to eliminate all positions dedicated to this program for a reduction of 40 positions (including 31 Special Agents) and \$9.2 million. This proposal would allow DEA to focus on its core mission of drug law enforcement. When possible, however, Special Agents would participate in demand reduction activities on a collateral duty basis.

Mobile Enforcement Teams (MET).—DEA proposes to reduce by 151 (including 132 Special Agents) the number of positions dedicated to the MET program, for a reduction of \$30.2 million. The remaining \$20.5 million and 83 positions (including 80 Special Agents) would continue to support the MET program, with priority focus on methamphetamine investigations. In addition to MET deployments targeting methamphetamine organizations, in the areas of the country where the number of clandestine labs has declined but methamphetamine use still remains high, I have directed DEA's Clandestine Laboratory Enforcement Teams (CLET) to begin investigating United States domestic networks that are distributing Mexican produced methamphetamine. At the same time, CLETs will continue their investigations of synthetic drug labs and will continue to assist state and local law enforcement agencies with laboratory, precursor, and distribution investigations. Finally, DEA would continue to administer funds from the Community Oriented Policing Services (COPS) program for clandestine laboratory cleanups.

Diversions and Control Fee Account (DCFA)

As I stated earlier, the President's request includes \$212 million under the DCFA, a \$10.4 million increase over fiscal year 2006. Of the total requested amount, DEA proposes funding of \$3.4 million for DCFA program improvements. This funding would allow DEA to boost intelligence support (33 Intelligence Analysts) needed for diversion investigations. This request is a continuation of the fiscal year 2006 Diver-

¹ The CTMS is formally the Collection Requirement Management System (CRMS) as discussed in the fiscal year 2007 President's Budget.

sion Intelligence Initiative, whose goal is to place one Intelligence Analyst in every Field Division Diversion group.

Base Transfer

Since 2002, the Federal Bureau of Investigation (FBI) has annually reimbursed DEA approximately \$6 million to DEA for providing counterterrorism related information to multiple federal agencies. The President's Budget proposes that these resources (which fund 45 positions, including 11 Special Agents) would be permanently transferred from the FBI to DEA.

OPPORTUNITIES AHEAD

Mr. Chairman, DEA continues to make steady progress in all facets of its mission and has seen some encouraging trends, particularly as it relates to drug use among our nation's children. In fact, the Office of National Drug Control Policy reports that since 2001, teen drug use is down by 19 percent and on track to decline by a total of 25 percent by 2007 to meet the President's drug use reduction goals. We are a key partner in the effort through the DEA mission to reduce the drug supply in America. Drug prevention will not take hold and treatment will not succeed if Americans are surrounded by cheap and plentiful drugs. DEA implements the President's National Drug Control Strategy by disrupting the supply of illegal or diverted drugs, through national and international attacks to dismantle the entire infrastructure of the most significant drug trafficking and money laundering organizations that supply our nation's illicit drug market.

As you know, the devastation of drugs knows no bounds and takes an enormous toll on both human lives and our country's economy. Moreover, we are seeing that the global drug trade continues to be an evolving national security threat to Americans at home and to our interests abroad. To address these disturbing facts, DEA takes a proactive and aggressive approach. In addition to the fiscal year 2007 initiatives I have outlined, we will use our existing resources to focus on the following areas during fiscal year 2006:

Establishing a Methamphetamine Task Force.—The fiscal year 2006 Department of Justice Appropriations Act directs the Attorney General to establish a Methamphetamine Task Force (MTF) within DEA. The purpose of the Task Force will be to improve and target the federal government's policies related to the production and trafficking of methamphetamine. The MTF is comprised of three DEA Special Agents, two Diversion Investigators, one Program Analyst, and attorneys from DEA's Office of Chief Counsel, and the Justice Department's Office of Legal Policy and the Criminal Division's Narcotics and Dangerous Drugs Section. These are veteran personnel with extensive experience and knowledge in the field, who will acquire and analyze investigative and intelligence information from numerous sources. Their analysis will focus on trends in: chemical trafficking and manufacturing methods; clandestine laboratory cleanup issues; changes in trafficking routes and patterns; regional abuse and distribution patterns; chemical and equipment sources and methods of procurement; foreign and domestic precursor sources, and smuggling and methods of financing. The MTF will propose recommendations for addressing issues identified from the analysis, and forward them to the National Synthetic Drugs Interagency Working Group for review and action.

Implementing the Combat Methamphetamine Epidemic Act of 2005.—As you know, President Bush recently signed the USA PATRIOT Improvement and Reauthorization Act of 2005, which includes the provisions of the Combat Methamphetamine Epidemic Act. These provisions provide law enforcement with the necessary tools to address the spread of methamphetamine manufacture and abuse across the country and the devastating effects that this drug is having on society. With these much needed chemical control measures, clandestine laboratory operators will have more difficulty in obtaining large quantities of pseudoephedrine and ephedrine products at retail outlets for use in methamphetamine manufacture. The Act also closes a loophole that allowed importers to sell pseudoephedrine to companies that were not identified on the original import notice, and enhance criminal penalties for methamphetamine traffickers. These measures are part of a comprehensive national approach toward controlling this growing problem and protecting our nation's children.

Increasing Internet investigations and halting the diversion and abuse of legal controlled substance pharmaceuticals.—The Internet has increased the opportunities for diversion and is the means by which many abusers are now purchasing Schedule III and Schedule IV drugs. DEA's plan to target and dismantle online pharmacies, builds on the successes of our online pharmacy strategy, which combines enforcement, regulatory, and technological efforts to detect and prevent diversion. The strategy calls for DEA to coordinate its Internet investigations with Federal, State,

and local agencies, and provide training for investigators, prosecutors, the pharmaceutical industry, and DEA registrants. We have supported legislative and regulatory initiatives aimed at curtailing and preventing online diversion of controlled substances. Finally, DEA has taken a leadership role in the development and use of new technologies as investigative tools.

Improving the measures of effectiveness for DEA programs and operations.—DEA is developing a management information tool, the Drug Enforcement Strategic Target Analysis Review (DrugSTAR), to establish links between a Priority Target's disruption or dismantlement and its impact on drug availability. It will be a key component of the agency's overall strategic management system. Using DrugSTAR, DEA will be able to identify our challenges and best practices, focus on performance and accountability, and demonstrate results in compliance with the Office of Management and Budget's management requirements.

Under DrugStar, DEA also has been piloting the Significant Investigation Impact Measurement System (SIIMS), which collects and analyzes enforcement, public health, and social service statistics both before an organization is taken down and for the 6 months that follow. This analysis will determine whether DEA targeting and enforcement operations had real impact and, if not, enable DEA to redirect resources and revise operations to achieve great impact. The SIIMS system has generated assessments of three takedown operations in 2005. For example, a SIIMS assessment of a successful New Orleans operation involving pain clinics and pharmacies revealed that the operation had significant impact on the availability of diverted drugs in that area, lasting for months after the enforcement operation. Specifically, SIIMS analysis revealed that, among other things, there were no seizures by DEA New Orleans of three illegally prescribed medications in the two months following the operation. This type of information can be useful when evaluating DEA's performance in reducing drug availability and for reporting purposes for the Attorney General, Congress, and the Office of National Drug Control Policy.

Mr. Chairman, this concludes my remarks. I would be pleased to answer any questions.

ATTACHMENT

DRUG THREATS TO THE UNITED STATES

Methamphetamine

Methamphetamine is the most widely abused and most frequently clandestinely produced synthetic drug¹ in the United States. Methamphetamine appeals to people across all genders, ages, and socio-economic levels. Methamphetamine has a high rate of addiction, a low rate of sustained recovery, and is cheap to manufacture. It has become a problem of epidemic proportions in the United States, devastating users, their families, and local communities. According to the 2004 *National Survey on Drug Use and Health* (NSDUH), 583,000 persons 12 and older used methamphetamine during the past 30 days (a 4 percent decrease from 2003) and 1.4 million have used it in the past year, a 10 percent increase from 2003. The estimated number of past year methamphetamine users is three times the number of estimated past year heroin users.

By effectively targeting and arresting the main suppliers of bulk precursor chemicals, DEA has successfully reduced the number of "super labs"² in the United States. As a consequence, operators of "super labs" have shifted their production to Mexico. Current drug and lab seizure data suggest that 80 percent of the methamphetamine consumed in the United States comes from larger labs, for the most part in Mexico, and that approximately 20 percent of the methamphetamine consumed comes from the small, toxic laboratories (STLs) in the United States. STLs generally are unaffiliated with major drug trafficking organizations, but nevertheless present enormous environmental challenges.

In recent years, the proliferation of STLs has been fueled by the ready availability of pseudoephedrine, the key ingredient in methamphetamine and by the fact that the manufacturing process is simple, inexpensive, and recipes can be found easily on the Internet. In 1990, there were 2 States with 20 or more clandestine laboratory seizures. In 1996, this number increased to 10 States. In 2004, there were over 40

¹The term "synthetic drugs" refers to controlled substances such as methamphetamine, MDMA "ecstasy" (and its analogues), GHB (and its analogues), ketamine, and other substances, which are not of primarily organic origin and are usually associated with clandestine manufacture.

²"Super labs" are those labs that are capable of producing at least 10 pounds of methamphetamine per cycle.

States where 20 or more seizures of clandestine laboratories occurred. From 2002 through 2005, more than 55,000 STLs were discovered and seized.

According to the Clandestine Laboratory Seizure System database located at the DEA's El Paso Intelligence Center (EPIC), 11,746 labs, dumpsites, and chemicals, glass, and equipment were seized in the United States in calendar year 2005. Of those seized, 5,308 labs were capable of producing only up to one pound of methamphetamine per cycle. In fiscal year 2005, DEA domestic seizures of methamphetamine totaled 3.1 metric tons, which is the equivalent to approximately 367 million dosage units. Fiscal year 2005 seizures increased by 24 percent from fiscal year 2004, when 2.5 metric tons were seized.

The most promising means of eliminating STLs is to choke off the sources for ephedrine and pseudoephedrine. DEA has removed a number of distributors of grey market drug products (those that can be purchased at truck stops, party/liquor stores, etc.) from the marketplace. Following DEA's success with removing grey market distributors, STLs have become heavily reliant on obtaining precursor chemicals from cold and asthma drug products (usually packaged in blister packs) from traditional retail outlets, such as chain drug stores. Based on clandestine lab seizure statistics, those States restricting the availability of methamphetamine precursor chemicals, like pseudoephedrine, have seen a dramatic decrease in the number of small toxic labs. With the enactment of Federal and State legislation limiting the sale of products containing pseudoephedrine and ephedrine, further reduction in the number of STLs is anticipated.

Once a STL has been identified, it must be dismantled. DEA assists State and local law enforcement by providing hazardous waste contractor clean-up services administered through Community Oriented Policing Services (COPS) grant funding. In fiscal year 2005, DEA administered 8,678 State and local clandestine clean ups. This is a decrease from fiscal year 2004 when 9,474 clean ups were administered. In addition, DEA has trained nearly 12,000 Federal, State, and local law enforcement personnel since 1998 to conduct investigations and dismantle seized methamphetamine labs to protect the public from methamphetamine lab toxic waste.

At the end of the first quarter of fiscal year 2006, there were 298 active DEA Priority Target Organization (PTO) investigations with methamphetamine as the primary drug type. Seven (7) of the 44 organizations (16 percent) on the fiscal year 2006 Consolidated Priority Organization Target (CPOT) list are engaged in methamphetamine trafficking. At the end of the first quarter of fiscal year 2006, there were 157 active PTO investigations linked to those seven CPOTs. Since the inception of the PTO program, DEA has disrupted or dismantled 427 methamphetamine PTOs.

Operational Highlight: Operations Cold Remedy and Aztec Flu.—From March 2003 to March 2005, as part of DEA's Operations Cold Remedy and Aztec Flu, more than 5 metric tons of 60 milligram tablets of pseudoephedrine were seized in the United States, Mexico, and Panama—which could have yielded an excess of 3 metric tons of methamphetamine. The seizures were conducted by DEA with Mexico's Organized Crime Prosecutor's Office and Hong Kong law enforcement authorities. Operations Cold Remedy and Aztec Flu are investigations run under the auspices of Project Prism, an international initiative aimed at assisting governments in developing and implementing cooperating procedures more effectively control and monitor trade in amphetamine-type stimulant precursors to prevent their diversion. Participants of Project Prism include 95 countries and 5 international organizations.

Operational Highlight: MET Case Against Street Gang "Satan's Disciples".—On March 7, 2006, the DEA Dallas Field Division MET concluded a 9 month deployment and OCDETF/PTO investigation that resulted in the dismemberment of seven methamphetamine trafficking organizations and two crack cocaine organizations. The investigation targeted Rocky Salazar who headed a street gang named Satan's Disciples, responsible for distributing methamphetamine in the Gainesville, Texas area. The Satan's Disciples also distributed narcotics and laundered money in three separate casinos located on Indian Reservations in nearby Oklahoma. The investigation culminated with the arrest of 93 individuals (81 State and 12 Federal), including priority target Salazar, and the seizure of 0.6 kilograms of crack cocaine, 0.2 kilograms of powder cocaine, 2.5 kilograms of marijuana, 8.8 kilograms of methamphetamine, 0.6 kilograms of GHB, 65 firearms, \$167,000 in U.S. currency, \$70,000 in real property, and four vehicles. DEA conducted this enforcement operation together with ATF, BIA, the Chickasaw Indian Nation, and State and local officers from Texas and Oklahoma.

Marijuana

Marijuana continues to be a significant threat because today's potent marijuana causes more teens to be dependent on it. This is supported by the following data: (1) More teens seek treatment for marijuana dependency than for all other drugs combined including alcohol. (2) Marijuana was involved in 79,663 emergency department visits³ in calendar year 2003, second only to cocaine among drug-related visits.⁴ (3) The 2004 NSDUH found that marijuana was the most commonly used illicit drug with 14.6 million users (6.1 percent of the population 12 and older) during the past month in calendar year 2004—the same as in calendar year 2003.⁵ (4) Past year use of marijuana remained unchanged statistically between calendar year 2003 and calendar year 2004 at 10.6 percent.

Marijuana trafficking is prevalent across the Nation, with both domestic and foreign sources of supply. The most recent supply availability estimates indicate that between 10,000 and 24,000 pure metric tons of marijuana are available in the United States⁶ and that Americans spend more than \$10.4 billion every year on marijuana.⁷ Since the demand for marijuana far exceeds that for any other illegal drug and the profit potential is so high, some cocaine and heroin drug trafficking organizations traffic marijuana to help finance their other drug operations.

Mexican drug trafficking organizations dominate the transportation and wholesale distribution of the majority of foreign-based marijuana available in the United States and cultivate marijuana on U.S. public lands throughout California. High grade marijuana from Canada, commonly referred to as "BC Bud," also is available in every region of the United States.

At the end of the first quarter of fiscal year 2006, there were 146 active PTO investigations with marijuana as the primary drug type. Twelve (12) of the 44 organizations on the fiscal year 2006 CPOT list (27 percent) are engaged in marijuana trafficking. At the end of the first quarter of fiscal year 2006, there were 385 active DEA PTO investigations linked to these 12 CPOTs. Since the inception of the PTO program, DEA has disrupted or dismantled 208 marijuana PTOs.

Operational Highlight: Operation Falling Star.—As of the end of 2005, this Organized Crime Drug Enforcement Task Force (OCDETF/SOD) coordinated operation targeting a Detroit and Phoenix-based marijuana drug trafficking organization (DTO), resulted in 63 arrests, and the seizure of \$13.7 million in cash, 16.4 metric tons of marijuana, 305 kilograms of cocaine, 14 properties, 22 vehicles, and 42 weapons, leading to the dismantlement of the drug trafficking organization. The Detroit target, Quasand Lewis, has been targeted for approximately 10 years by State and local law enforcement agencies for his suspected involvement in several homicides and extensive drug trafficking and witness intimidation. The focal point of the investigation, Giovanni Ruanova, coordinated multi-million dollar currency transportation routes and pick-ups from Detroit.

Non-medical use of prescription drugs

Non-medical use of addictive prescription drugs has been increasing throughout the United States at alarming rates. In calendar year 2004, an estimated 6.0 million⁸ Americans age 12 and older reported past month use of prescription drugs for non-medical purposes compared to 3.8 million in calendar year 2000⁹—a 58 percent increase in 4 years. Nationally, the misuse of prescription drugs was second only to marijuana in calendar year 2004.

Individual users can easily acquire prescription drugs through a variety of means, generally dependent on type of drug. DEA and other data sources reveal that

³A visit to the emergency room is referred to as an episode, and every time a drug is involved in an episode it is counted as a mention.

⁴U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. *Detailed Emergency Department Tables from DAWN: 2003*. December 2004.

⁵U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2005). *Overview of Findings from the 2004 National Survey on Drug Use and Health*.

⁶Drug Availability Steering Committee, *Drug Availability Estimates in the United States*, December 2002.

⁷Executive Office of the President, Office of National Drug Control Policy. *What Americans Spend on Illegal Drugs 1988–1998*. December 2000.

⁸U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2005). *Overview of Findings from the 2004 National Survey on Drug Use and Health*.

⁹U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2002). *National Household Survey on Drug Abuse: Vol 1. Summary of National Findings*.

OxyContin® and other Schedule II drugs are most commonly obtained illegally through “doctor shopping” or are sold illegally by registrants (e.g., doctors/pharmacists). On the other hand, Schedule III and Schedule IV drugs (e.g., anti-anxiety medications, hydrocodone, and anabolic steroids) are often purchased through the Internet. Many of these e-pharmacies are foreign-based and expose the purchaser to potentially counterfeit, contaminated, or adulterated products.

Operational Highlight: An Advanced Pain Management Case.—In April 2005, DEA culminated a 5 year OCDETF and Priority Target investigation that resulted in the dismantlement of a major prescription drug trafficking organization and the seizure of \$1.6 million in cash, \$4.7 million in financial and approximately \$4.8 million in real assets. Five individuals, including three physicians, were arrested and charged with the distribution of pharmaceutical controlled substances, distribution of drugs to a minor, conspiracy, and money laundering. The physicians prescribed a cocktail of hydrocodone, Xanax and Soma to approximately 100–300 patients per day under the guise of “pain management”. To date, this investigation has resulted in Immediate Suspensions of DEA Registrations of the doctors and four pharmacies were also issued.

DEA, in collaboration with its State and local law enforcement counterparts, investigates registrants and non-registrants who intentionally divert prescription drugs. DEA has made pharmaceutical investigations a priority and continues to focus its drug enforcement efforts toward the most important members of the drug supply chain. In fiscal year 2005, DEA opened 1,672 investigations focused on the diversion of pharmaceutical controlled substances by registrants and non-registrants, an approximate increase of 11 percent over fiscal year 2004 (1,508). DEA’s fiscal year 2005 Priority Target pharmaceutical investigations of key drug supply organizations (59) represents a dramatic increase (168 percent) over fiscal year 2004 (22).

Combating the diversion of OxyContin® remains a priority within DEA. Of the 1,668 open investigations in fiscal year 2005, 117 were open OxyContin® investigations involving 48 doctors. Of those 117 OxyContin® investigations, 25 were Priority Target investigations.

The illicit sale of controlled pharmaceutical substances, including narcotics, anti-anxiety medications, steroids, and amphetamines, is a serious global problem and the Internet has become one of the most popular sources for these products. DEA targets its investigations on domestic Internet pharmacies using data from available data bases (such as the Automated Reporting of Completed Orders System—ARCOS) to determine which retail pharmacies are most likely involved in distribution of large quantities of controlled substances over the Internet. In fiscal year 2005, 11.2 percent of investigative work hours dedicated to open diversion cases were Internet cases. This is an increase of 30 percent from fiscal year 2004 when Internet cases represented 8.6 percent of the investigative work hours dedicated to open diversion cases. In fiscal year 2005, as a result of online pharmacy investigations, DEA seized over \$32 million in financial and property assets. This is a 184 percent increase from fiscal year 2004 when asset seizures totaled \$11 million.

Operational Highlight: Operation Cyber Chase.—In April 2005, a 1-year, multi-jurisdictional OCDETF investigation (Operation Cyber Chase) was concluded with the dismantlement of the Bansal drug trafficking organization and the arrest of 20 individuals in New York, Philadelphia, India, Costa Rica, Austria, and Hungary. Those arrested were distributing drugs worldwide using rogue Internet pharmacies to dispense controlled substances directly to customers without a medical evaluation by a physician. The Bansal organization used over 200 websites to distribute 2.5 million dosage units of Schedule II through IV pharmaceutical controlled substances per month. Electronic mail communications among the co-conspirators included: “It’s not easy to get rich. My goal is towards the upper echelon of economic independence. All things considered, it should only take about 800 million. That’s um, 3,000 packs of valium sold a day for 5 years. Well, that’s actually about 921 mill, but I’m not sure there’ll be a few costs in there somewhere.” As of September 30, 2005, Operation Cyber Chase has resulted in 26 arrests, the seizure of 5.8 million dosage units of Schedule II–IV controlled substances, 105 kilograms of Ketamine, and \$8.6 million.

Cocaine

Cocaine remains a major illegal drug of concern throughout the United States based upon abuse indicators, violence associated with the trade, and trafficking volume. After marijuana and prescription drugs, cocaine continues to be the most wide-

ly used illicit drug among all age categories. The 2004 NSDUH found that 2 million people used cocaine within the past 30 days and that over 5.6 million people used it within the past year. According to the 2003 DAWN report, cocaine is the most frequently reported illegal drug in hospital emergency department visits, accounting for 1 in 5 (20 percent) drug related emergency room visits in calendar year 2003.¹⁰

Although Columbia is the principal supplier of cocaine to the United States, most of the wholesale cocaine distribution in the United States is controlled by Mexican drug trafficking organizations and criminal enterprises. Even in areas dominated by Colombian and Dominican drug trafficking organizations, such as the Northeast and Caribbean regions, the influence of Mexican drug trafficking organizations is increasing.

At the end of the first quarter of fiscal year 2006, there were 1,028 active DEA PTO investigations with cocaine as the primary drug type. Thirty-nine (39) of the 44 organizations on the fiscal year 2006 CPOT list (89 percent) are engaged in cocaine trafficking. At the end of the first quarter of fiscal year 2006, there were 514 active PTO investigations linked to these 39 CPOTs. Since the inception of the PTO program, DEA has disrupted or dismantled 1,208 cocaine PTOs.

Operational Highlight: Operations Firewall and Panama Express.—DEA's multi-agency cocaine interdiction programs—known as Operation Firewall and Operation Panama Express—combine investigative and intelligence resources to interdict and disrupt the flow of cocaine from the northern coast of Colombia to the United States. Since the July 2003 commencement of Operation Firewall, 29.2 metric tons of cocaine have been directly seized. In addition, Operation Firewall has provided assistance in Operation Panama Express seizures of 33.2 metric tons of cocaine, and in other foreign countries with the seizure of 25.7 metric tons of cocaine. Since the February 2000 implementation of Operation Panama Express to December 31, 2005, 356 metric tons of cocaine have been seized, 109.2 metric tons of cocaine have been scuttled, and 1,107 individuals arrested. As of December 31, 2005, these combined operations have resulted in total seizures of 410.9 metric tons of cocaine.

Heroin

The overall demand for heroin in the United States is lower than for other major drugs of abuse such as cocaine, marijuana, methamphetamine, and MDMA.¹¹ However, one cause for concern is the recent increase in heroin use. According to the 2004 NSDUH, 166,000 people aged 12 and older (0.1 percent) reported using heroin during the past 30 days in calendar year 2003 compared to 119,000 (0.1 percent) in calendar year 2003.¹² Heroin remains readily available in major metropolitan areas and is the third most frequently mentioned illegal drug reported to DAWN by participating emergency departments after cocaine and marijuana, accounting for 47,604 mentions in calendar year 2003.¹³

Most of the heroin entering the United States is produced in South America and Mexico. Although heroin production in these areas has decreased in recent years, the production capacity remains sufficient to meet U.S. demand for the drug.¹⁴ In 2004, Afghanistan produced more than 90 percent of the worldwide heroin produced.¹⁵ However, Afghanistan is not currently a major heroin supplier to the United States; only about 8 percent of the U.S. supply comes from that country.

At the end of the first quarter of fiscal year 2006, there were 240 active DEA PTO investigations with heroin as the primary drug type. Fourteen (14) of the 44 organizations on the fiscal year 2006 CPOT list (32 percent) are engaged in heroin trafficking. At the end of the first quarter of fiscal year 2006, there were 514 active PTO investigations linked to these 14 CPOTs. Since the inception of the PTO program, DEA has disrupted or dismantled 357 heroin PTOs.

Operational Highlight: Operation Containment and FAST.—Through Operation Containment, DEA is working with a coalition of 19 countries from

¹⁰ U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. *Detailed Emergency Department Tables from DAWN: 2003*. December 2004.

¹¹ U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2005). *Overview of Findings from the 2004 National Survey on Drug Use and Health*.

¹² Ibid.

¹³ U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. *Detailed Emergency Department Tables from DAWN: 2003*. December 2004.

¹⁴ U.S. Department of Justice, National Drug Intelligence Center. (2006). *2006 National Drug Threat Assessment*.

¹⁵ Ibid.

Central Asia, the Caucasus, Europe, and Russia, to reduce the flow of Afghan heroin into world markets, prevent Afghanistan from becoming a major heroin supplier to the United States, and disrupt drug related terrorist activities that could hamper the long term stabilization of the Afghanistan government. In fiscal year 2005, Operation Containment resulted in the seizure of 11.5 metric tons of heroin, 1.3 metric tons of morphine base, 43.9 metric tons of opium gum, 14.2 metric tons of precursor chemicals, and 248 clandestine opium, morphine, and heroin conversion laboratories. By comparison, just 3 years prior, .47 metric tons of heroin was seized, representing a 2,300 percent increase in fiscal year 2005. Operation Containment also resulted in the initiation of 146 investigations and led to the disruption of two CPOTs, including the Haji Bashir Noorzai and Haji Baz Mohammad organizations in fiscal year 2005. DEA's Foreign-deployed Advisory Support Team (FAST) Program augments Operation Containment. Since being deployed in April 2005, the FAST program has trained over 100 Afghan officers who work bi-laterally with DEA's FAST teams. One successful FAST operation occurred on June 18, 2005, when the DEA Kabul Country Office, FAST, United Kingdom forces, and the U.S. trained Afghan officers raided and destroyed four fully operational clandestine heroin laboratories. One of the four opium-to-morphine base conversion laboratories destroyed was one of the largest seized in Afghanistan. Approximately 4.4 metric tons of opium, hundreds of gallons of chemicals, four opium presses, six opium vats, and 500 kilograms of soda ash were destroyed.

Transit Zones

The Southwest Border area is the principal arrival zone for most illicit drugs smuggled into the United States. From that area, the smuggled drugs are distributed throughout the country.

Most cocaine is transported from South America, particularly Colombia, through the Mexico-Central America Corridor via the Eastern Pacific transit zone (50 percent) and the Western Caribbean zone (40 percent). Most of the cocaine transiting these two areas is ultimately smuggled into the country via the Southwest Border. The remaining 10 percent of cocaine transported from South America mostly transits the Caribbean zones to Florida and the Gulf Coast.¹⁶

According to the 2006 *National Drug Threat Assessment*, methamphetamine seizures increased from 1.12 metric tons in calendar year 2002, to 1.73 metric tons in calendar year 2003, to 1.98 metric tons in calendar year 2004. Most of the foreign-produced marijuana available in the United States is smuggled into the country from Mexico via the Southwest Border by Mexican drug trafficking organizations and criminal groups, as evidenced by calendar year 2004 seizures of 1,103 metric tons on the Southwest Border versus 9.2 metric tons on the Northern Border.

In calendar year 2004, seizures for Southwest Border points of entry included 22.4 metric tons of cocaine, 388 kilograms of heroin, 1,070 metric tons of marijuana, and 2.3 metric tons of methamphetamine. By comparison, seizures in the Florida/Caribbean arrival zone for the same time period included 10.5 metric tons of cocaine, 481 kilograms of heroin, 4.9 metric tons of marijuana and no methamphetamine.

Operational Highlight: Discovery of Narcotics Smuggling Tunnel.—Acting on intelligence from a confidential source, in January 2006, a joint investigation between DEA, Immigration and Customs Enforcement, United States Border Patrol, and the Mexican Policia Federal Preventiva culminated in the discovery of a narcotics smuggling tunnel. The tunnel spanned the United States/Mexican border just east of the Otay Mesa, California Port of Entry and resulted in the seizure of approximately two tons of marijuana. The discovery of the tunnel followed an extensive investigation resulting from DEA and ICE confidential source information. The tunnel, approximately 86 feet deep and nearly three-quarters of a mile long, originated inside a small warehouse in Otay Mesa, Mexico, and exited inside a vacant warehouse in San Diego, California.

FINANCIAL INVESTIGATIONS

Drug trafficking organizations are motivated by one thing—money. According to the 2006 *National Drug Threat Assessment*, between \$13.6 billion and \$48.4 billion

¹⁶U.S. Department of Justice, National Drug Intelligence Center. (2006). *2006 National Drug Threat Assessment*.

is generated annually by wholesale-level drug distribution.¹⁷ To truly dismantle drug enterprises, we must attack the drug trafficking organizations' ability to collect proceeds from the drug trade.

DEA has reenergized and refocused its attack on the financial infrastructure of drug cartels. DEA's Office of Financial Operations and specialized Money Laundering Groups in DEA's 21 domestic field divisions principally target the drug money laundering systems and the drug profits that flow back to the sources of drug supply. In fiscal year 2005, DEA established a 5-year plan with annual milestones through fiscal year 2009. The plan calls for DEA to increase seizures until we seize drug profits at a level each year that will actually destroy drug networks rather than being viewed by traffickers only as an expected cost of doing business. To do this, DEA must seize \$3 billion from drug trafficking organizations each year. In the first year under this plan, DEA denied drug traffickers \$1.9 billion in revenue in fiscal year 2005—including \$1.4 billion in seized assets and \$477 million in drug seizures—exceeding DEA's first year goal of \$1 billion in seizures by 90 percent.

The smuggling of large sums of cash across our borders continues to be the primary method used to expatriate drug proceeds from the United States to the source countries. To address this increasing threat, the DEA has initiated a bulk currency program to coordinate all U.S. highway interdiction money seizures. Bulk currency cash seizures in fiscal year 2005 totaled \$407 million, a 28 percent increase over the \$317 million seized in fiscal year 2004.

Operational Highlight: Arrest of Martin Tremblay.—On January 20, 2006, Martin Tremblay, a Canadian national and President and Managing Director of the Bahamas-based investment firm “Dominion Investments, LTD” was arrested by the DEA and other Federal and State law enforcement agencies. Tremblay was indicted for conspiracy to launder narcotics proceeds in a long-term money laundering scheme from approximately 1998 through December 2005. Tremblay conspired to launder \$1 billion in illegal drug proceeds for “Dominion Investment” clients in exchange for a substantial commission. Dominion Investment was used by Tremblay to create shell companies and fictitious entities to launder the drug proceeds he received to offshore accounts in the United States, Canada, Switzerland, and elsewhere around the world. Tremblay's activities as a money launderer were first identified in an international DEA drug investigation targeting subjects distributing GHB over the Internet (Operations Webslinger and Black Goblin). Other Federal and State law enforcement agencies involved in this case include the Internal Revenue Service, Criminal Investigations Division (IRS/CID) the New York State Police, and the Organized Crime Drug Enforcement Strike Force in New York, New York.

Operational Highlight: Operations Dirty Dinero/Common Denominator.—On March 2, 2006, in a joint action between the Colombian National Police and the Drug Enforcement Administration, Financial CPOT Ricardo Mauricio BERNAL-Palacios, his brother Juan BERNAL-Palacios and Tier 1 Money Broker Camillo ORTIZ-Echevi were arrested in Bogotá, Colombia. These arrests were based on provisional arrest warrants filed against the three in relation to a February 2006 indictment in the Southern District of Florida charging 48 counts of money laundering, 18 USC 1956(h) and one count of conspiracy to distribute cocaine, 21 USC 846.

GANGS

Gangs have become an increasing threat to our nation's security and the safety of our communities. Seventy-five percent of the United States Attorneys report that parts of their districts currently have a moderate or significant gang problem. Gangs commonly use drug trafficking as a means to finance their criminal activities. Furthermore, many have evolved from turf-oriented entities to profit-driven, organized criminal enterprises whose activities include not only retail drug distribution but also other aspects of the trade, including smuggling, transportation and wholesale distribution.

Criminal street gangs, outlaw motorcycle gangs, and prison gangs are the primary retail distributors of illegal drugs on the streets of the United States and the threat of these gangs is magnified by the high level of violence associated with their attempts to control and expand drug distribution operations. Gangs primarily transport and distribute cocaine, heroin, marijuana, and methamphetamine. Authorities

¹⁷U.S. Department of Justice, National Drug Intelligence Center. (2006). *2006 National Drug Threat Assessment*.

throughout the country report that gangs are responsible for most of the serious violent crime in the major cities of the United States.

DEA is committed to combating the gang problem within the United States. As of February 7, 2006, approximately 12 percent (239) of DEA's total active Priority Target investigations target gangs. In addition, DEA's Mobile Enforcement Teams (METs) target violent drug trafficking organizations in areas where State, local, and Tribal law enforcement is challenged by limited resources to counter the threat. Often, these MET deployments target violent gangs involved in drug trafficking activity, such as the Hell's Angels, Latin Kings, Bloods, Crips, Mexican Mafia, and Gangster Disciples. In fiscal year 2004, approximately 27 percent (11 of 40) of MET deployments targeted gangs. Gang related MET deployments increased to 38 percent in fiscal year 2005, when 15 of 39 MET deployments initiated targeted gangs. Through the second quarter of fiscal year 2006, 5 of 14 deployments (35 percent) targeted gangs.

DEA also recognizes the value of an integrated, collaborative and comprehensive approach to multi-faceted gang organizations and their operations. DEA participates in a number of anti-gang initiatives with other law enforcement components, including Violent Crime Impact Teams, Project Safe Neighborhoods, Weed and Seed Program, Safe Streets and Safe Trails Task Forces and the Attorney General's Anti-Gang Coordination Committee.

Operational Highlight: Operation Motor City Mafia.—Operation Motor City Mafia was a Special Operations Division-supported, OCDETF and PTO investigation of the Black Mafia Family (BMF). DEA and the Internal Revenue Service identified the BMF as a major cocaine and crack cocaine distribution organization with cells in major metropolitan cities including Detroit, Atlanta, Los Angeles, Miami, St. Louis, Orlando, and Louisville. The BMF uses the rap music industry to distribute hundreds of kilograms of cocaine and to launder millions of dollars in drug proceeds. The BMF has used intimidation, violence, and murder to maintain their strong presence among their urban drug trafficking organizations. As of January 27, 2006, Operation Motor City Mafia resulted in the arrest of 53 defendants and the seizure of 385 kilograms of cocaine, 1.2 metric tons of marijuana, \$4.6 million, and other assets valued at over \$16 million.

STATE AND LOCAL ASSISTANCE

DEA provides direct assistance to State and local law enforcement agencies through its State and Local Law Enforcement Officer Training program, State and Local Task Force program, and Mobile Enforcement Team (MET) program. In addition, DEA provides clandestine laboratory clean up assistance to State and local law enforcement agencies.

State and Local Training.—DEA trained 22 percent more State and local officers in fiscal year 2005 (41,853) than fiscal year 2004 (34,183), including training in responding to clandestine laboratories, drug diversion, and law enforcement intelligence.

State and Local Task Forces.—DEA's partnerships with Federal, State, local, and international law enforcement entities serve as force multipliers in our efforts to reduce the availability of illicit drugs in America. As of the end of first quarter fiscal year 2006, DEA's State and Local Task Forces numbered 214 and included over 2,500 authorized Task Force Officers with more than 1,100 authorized DEA Special Agents.

Mobile Enforcement Teams.—In April 1995, DEA created the MET Program to assist State, local, and Tribal law enforcement in the disruption or dismantlement of violent drug trafficking organizations and gangs. Since March 2005, METs have prioritized deployments on methamphetamine, targeting repeat meth offenders and clandestine laboratory operators in areas of the United States that have a limited DEA presence. Since the re-direction of MET, 44 percent (20 out of 45) of new MET deployments opened in fiscal year 2005 were methamphetamine deployments. This is nearly double the methamphetamine deployments by METs from fiscal year 2003 to fiscal year 2004. During this period, an average of 24 percent of new MET deployments were focused on methamphetamine.

Hazardous Waste Program.—Established in 1990 to address environmental concerns from the seizure of clandestine drug laboratories, DEA's hazardous waste program promotes the safety of law enforcement personnel and the public by using highly qualified companies with specialized training and equipment to perform the removal of the methamphetamine-related wastes at seized laboratories. In fiscal year 2005, DEA administered 8,678 State and local clandestine clean ups. In addition, DEA has trained nearly 12,000 Federal, State, and local law enforcement per-

sonnel since 1998 to conduct investigations and dismantle seized methamphetamine labs to protect the public from methamphetamine lab toxic waste. To accelerate the clean up process and reduce costs borne by State and local governments associated with seized sites, DEA has developed a hazardous waste container program that will allow for the central collection of waste products, reducing the time and expense of lab clean ups. A pilot program in Kentucky produced savings of \$800,000 in fiscal year 2005 and approximately \$500,000 in fiscal year 2004.

BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES

STATEMENT OF CARL J. TRUSCOTT, DIRECTOR

Senator SHELBY. Mr. Truscott.

Mr. TRUSCOTT. Mr. Chairman, Ranking Member Mikulski, distinguished members of the subcommittee, I am pleased to appear before you today to discuss the President's fiscal year 2007 budget for the Bureau of Alcohol, Tobacco, Firearms and Explosives. I appreciate very much the support—

Senator LEAHY. Mr. Chairman?

Senator SHELBY. Yes, Senator Leahy.

Senator LEAHY. And I apologize, you know, you are my favorite chairman the way you run things. I just got called. I have to go back for the immigration bill. Would it be possible to ask Administrator Tandy just a couple of short questions? I may get stuck on the floor.

Senator SHELBY. Can you just submit them for the record, where we can keep it going? If you would submit them for the record.

Senator LEAHY. Well—

Senator SHELBY. I would rather you just submit them for the record.

Senator LEAHY. Okay, I will try to come back, because I find when I submit them, I never get the answers.

Senator SHELBY. We will lose our rhythm otherwise.

Senator LEAHY. All right.

Senator SHELBY. I appreciate it, Senator Leahy, but we've got to keep the subcommittee going.

Mr. TRUSCOTT. Mr. Chairman, I appreciate very much the support that this subcommittee has given to ATF and the interest it has demonstrated in ATF's missions and programs. Thanks to the leadership and support of this subcommittee and the dedication and diligence of the men and women of ATF, we are improving the lives of Americans.

Your investments in our efforts produce real results, safer neighborhoods where all of us can live without fear. The statement I provided for the record goes into great detail on ATF's programs and accomplishments, so I will use the time I have today to briefly highlight our budget request, which includes expansion of our violent crime impact team program, one of ATF's most effective initiatives. I will also provide a brief overview of our response to the recent church fires in rural Alabama and our activities in support of the coalition forces in Iraq.

ALCOHOL, TOBACCO, FIREARMS BUDGET REQUEST

The President's budget for fiscal year 2007 requests \$860 million and 5,030 full-time equivalent positions for ATF. The President's request also includes \$120 million from a fee on explosive industry operations, which would bring our total resources to \$980 million.

I believe these investments will provide essential benefits to the American people.

VIOLENT CRIME IMPACT TEAMS

Our fiscal year 2007 request includes new funds for the VCIT program. VCIT is a focused and cooperative law enforcement component of the President's Project Safe Neighborhoods Initiative. Through VCIT, ATF-led teams work with local law enforcement to identify and arrest the most violent offenders, including gang members in specific geographic locations with high crime rates. The program began in 15 selected communities and since has expanded to a total of 23, and because VCIT has proven so successful, the administration has requested \$16 million and 44 FTEs to support the initiative and offer more Americans the opportunity to enjoy safer neighborhoods.

ALABAMA CHURCH FIRES INVESTIGATION

Mr. Chairman, I want to inform you and the subcommittee of the steps that we have taken, including my colleagues here at the table, to respond to the church fires in rural Alabama in early February. We view the intentional burning of a place of worship as a violent attack on the community's well being. Upon learning of the fires, ATF immediately activated our national response teams to investigate the fires. The teams include special agents, forensic chemists, fire protection engineers, accelerant detection canines, geographic and criminal profilers.

ATF's partnership with Federal, State, and local law enforcement was vital to this effort. I am pleased to report that through law enforcement's hard work, this investigation was brought to a successful conclusion. Three individuals were indicted in connection with the church fires and are being charged with one count of conspiracy and nine counts of arson.

ALCOHOL, TOBACCO, FIREARMS AND IRAQ

With respect to Iraq, ATF is contributing the expertise of our special agents and our explosive enforcement officers to the combined explosives exploitation cells. In cooperation with the U.S. Army, we are training Army explosive units at our National Center for Explosives Training and Research, and we are doing that prior to their deployment to Iraq. In addition, ATF provides post-blast training for U.S. and coalition forces in Iraq and for the Iraqi National Police. ATF-trained explosive detection canines are also deployed there. ATF has special agents assigned to the Regime Crimes Liaison Office to investigate in the investigation and the prosecution of war crimes. ATF personnel are also working in support of the newly established U.S. Embassy in Iraq.

I have referenced several of our activities in support of our mission to prevent terrorism, reduce violent crime, and protect our Nation. We are committed to working directly and through partnerships to investigate and reduce crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products.

Once again, Mr. Chairman, ranking member Mikulski, members of this subcommittee, on behalf of ATF, I thank you for your support of our crucial work. I also thank you for this opportunity to testify before you today, and I look forward to answering any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF CARL J. TRUSCOTT

Mr. Chairman, Senator Mikulski, and distinguished members of the subcommittee, I am pleased to appear before you today to discuss the accomplishments of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the President's fiscal year 2007 Budget for ATF.

As you know, ATF is a principal law enforcement agency within the United States Department of Justice dedicated to preventing terrorism, reducing violent crime, and protecting our Nation. The men and women of ATF perform the dual responsibilities of enforcing Federal criminal laws and regulating the firearms and explosives industries. We are committed to working directly, and through partnerships, to investigate and reduce crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products.

I appreciate very much the support the subcommittee has given to ATF and the interest it has demonstrated in ATF's missions and programs. Thanks to the leadership and support of this committee, and the dedication and diligence of the men and women of ATF, our efforts are producing real results: safer neighborhoods, where all of us can live without fear.

With your support during the fiscal year 2006 appropriations process, ATF received funding to expand its Violent Crime Impact Teams (VCIT), participate in the Terrorist Explosive Device Analytical Center (TEDAC), and plan a permanent facility for the National Center for Explosives Training and Research (NCETR). These investments are in direct support of ATF's core mission.

The President's budget request for fiscal year 2007 builds on your fiscal year 2006 investments with \$16 million to further enhance VCIT, a focused and cooperative law enforcement component of the President's Project Safe Neighborhoods (SN) initiative.

RESPONSE TO HURRICANE KATRINA

Before I give an overview of ATF programs and our fiscal year 2007 budget request, first I would like to briefly inform the committee of the resources we deployed to the Gulf Region and the efforts we undertook as part of the Federal response to Hurricane Katrina.

In the week proceeding Katrina making landfall in New Orleans, we prepared by identifying resources and personnel to send to the affected areas and held daily meetings and teleconferences of our Emergency Management Working Group. On August 30, one day after Katrina made landfall, we activated our Continuity of Operations (COOP) site in Mandeville, Louisiana, and established an alternative division office in Shreveport, Louisiana. At that time, we also began planning forward command posts in Mandeville, New Orleans, and Biloxi, Mississippi, and decided to establish a Critical Incident Management Response Team (CIMRT) in Baton Rouge, Louisiana. ATF field offices from across the Nation immediately began moving manpower and equipment to the region, while personnel in the affected areas made locating missing ATF employees their top priority. In the following days, we deployed two Special Response Teams (SRTs) to New Orleans to address, in coordination with the New Orleans Police Department, the looting and violence in the aftermath of the storm.

Despite catastrophic damage to our facilities, the onerous logistics of re-establishing operations, and the severe personal hardships endured by our personnel, I am proud to point out that ATF was able, without interruption or a reduction in effectiveness, to continue our mission of enforcing Federal law and safeguarding the public. By September 22, less than 4 weeks after the levee breaches in New Orleans, ATF had assisted with over 600 law enforcement actions. Twelve arrests were made by ATF, including the September 5th arrest of a suspect who was observed by ATF SRT members firing on a helicopter conducting relief efforts. This arrest was the first of many Federal arrests, both by ATF and other Federal partners, for firearms violations in New Orleans after Hurricane Katrina.

ATF was given primary jurisdiction in the 1st and 8th Police Districts in New Orleans, responded to firearms-related calls, stopped looting, assisted in rescue oper-

ations, provided surveillance, assisted in the establishment of a detention center, and provided security to Assistant United States Attorneys. During that time, ATF also proactively reached out to all Federal Firearms Licensees (FFLs) and Federal Explosives Licensees (FELs) in affected areas. As an extension of those efforts, we established a toll-free number for FFLs and FELs to contact ATF regarding the status of their premises, records, and inventory; and we instituted a plan to systematically inspect all 742 FFLs and 182 FELs where looting and flooding occurred.

IRAQ

I would also like to provide the committee with a brief overview of our activities in support of the coalition forces in Iraq before I move on to a discussion of ATF programs. I would like to thank the committee for its support for ATF's fiscal year 2006 Iraq Supplemental request. Currently, ATF is contributing the expertise of its special agents and Explosives Enforcement Officers to the Iraq Combined Exploitation Cells (CEXCs). This participation has been praised by the Department of Defense. In cooperation with the U.S. Army, we are training Army explosives units at our National Center for Explosives Training and Research (NCETR) prior to their deployment to Iraq. In addition, ATF provides post-blast training for United States and coalition forces in Iraq and for the Iraqi National Police, and ATF-trained explosives detection canines are deployed in Iraq. ATF also has special agents assigned to the Regime Crimes Liaison Office in Iraq to assist in the investigation and prosecution of war crimes.

FISCAL YEAR 2007 PRESIDENT'S BUDGET REQUEST

ATF's mission supports the priorities of the administration and the Department under the Department's Strategic Goals 1 and 2, to "Prevent Terrorism and Promote the Nation's Security" and "Enforce Federal Laws and Represent the Rights of the American People."

The President's 2007 budget request for ATF is 5,030 FTE and \$860,128,000 for salaries and expenses and for program enhancements, offset by a \$20,000,000 reduction in the firearms decision unit and a \$120,000,000 explosives user fee.

The fiscal year 2007 request includes funds for the expansion of the VCIT program. VCIT is one of ATF's most effectively designed initiatives and is an important part of PSN. The President's budget requests \$16,000,000 and 44 FTE to further enhance the initiative and offer more Americans the opportunity to live in safer neighborhoods. This initiative would increase the number of VCIT teams from 25 to 40 in the coming fiscal year.

FIREARMS

ATF enforces Federal firearms laws and provides requested support to Federal, State, and local law enforcement officials in their fight against crime and violence. Our agents investigate a broad range of firearms violations that can be generally divided into three categories:

- investigations of those persons who are prohibited by law from possessing firearms, such as felons, illegal aliens, and drug traffickers;
- investigations of persons possessing firearms that are generally prohibited, such as machineguns and sawed-off shotguns; and
- investigations of firearms trafficking.

From these types of investigations, ATF agents concentrate on firearms traffickers diverting firearms out of lawful commerce into the hands of criminals. Firearms trafficking investigations can be complex and time-consuming. They can involve illegal straw purchases of firearms for those unable to legally possess firearms, illegal dealing at gun shows or other locations, robberies of gun stores, and thefts from interstate shipments.

We are a major participant in the administration's PSN initiative, which began in 2001. This cooperative program builds upon the enforcement efforts of the past, and includes the use of advanced technology and effective sharing of intelligence and information. Law enforcement, prosecutors, and community leaders work together on deterrence and prevention. Agencies develop focused enforcement strategies to investigate, arrest, and prosecute violent offenders, prohibited possessors of firearms, domestic and international firearms traffickers, and others who illegally attempt to acquire firearms. ATF, local law enforcement, U.S. attorneys, and local prosecutors evaluate cases and seek the most appropriate venue for firearms prosecution. The Department filed 10,841 federal firearms cases in fiscal year 2005—a 73 percent increase since PSN's inception. ATF-related firearms investigations resulted in over 8,300 convictions in fiscal year 2005.

VIOLENT CRIME IMPACT TEAMS

In June 2004, former Attorney General Ashcroft, former Deputy Attorney General Comey, and I announced the VCIT initiative, a new program to reduce violent crime in specific geographic locations with high crime rates. Through VCIT, ATF-led teams work with local law enforcement to identify and arrest the most violent offenders in each area. The program began in 15 selected communities and has since expanded to a total of 23. VCITs are now in place in: Albuquerque, New Mexico; Atlanta, Georgia; Baltimore, Maryland; Baton Rouge and New Orleans, Louisiana; Camden, New Jersey; Columbus, Ohio; Fresno and Los Angeles, California; Greensboro, North Carolina; Hartford, Connecticut; Houston and Laredo, Texas; Las Vegas, Nevada; Miami and Tampa, Florida; Minneapolis, Minnesota; Philadelphia and Pittsburgh, Pennsylvania; Richmond, Virginia; Tucson, Arizona; Tulsa, Oklahoma; and the Washington, DC/Northern Virginia area. We plan to expand to 25 cities in this fiscal year and 40 cities in fiscal year 2007.

ATF-led VCIT teams in these cities bring the targeted area's Federal, State, local and Tribal law enforcement officials together. The VCIT strategy counsels each team to create an individualized strategy, then to work together to remove those responsible for violent crime. Civic leaders and law enforcement officials have praised VCIT's positive impact on their communities. I am proud to note that, in August 2005, six ATF personnel received the Attorney General's Outstanding Contributions to Community Partnerships for Public Safety Award, honoring them for developing, organizing, and implementing VCIT.

ANTI-GANG EFFORTS

We have developed expertise in working against criminal groups, particularly gangs. As such, ATF played an integral role in the development of the Department of Justice's Gang Strategy Report for the House Appropriations Committee. This reflects our years of experience in working against violent gangs, including outlaw motorcycle organizations active in firearms and narcotics trafficking. In fact, ATF oversees a comprehensive gang strategy, combining education, prevention, training, and a variety of criminal enforcement tactics to take violent gang members and their organizations off the streets. As part of the strategy, ATF shares investigative information with other law enforcement agencies on gangs nationally through its case management system. This system allows every agent and task force member the ability to access information about other cases in order to coordinate efforts.

Our efforts have resulted in ATF referring more than 7,750 gang members and their associates to Federal and State prosecutors for prosecution during the past 5 years—3,100 of them during fiscal year 2005 alone—for charges including firearms violations, continuing criminal enterprise violations, Racketeer Influenced Corrupt Organization Act (RICO) violations, and arson and explosives violations. During this same 5-year period, as a result of our investigations, more than 3,000 gang members have been convicted of firearms offenses. In the past 2 fiscal years, we also traced more than 12,000 firearms linked to gang activity to assist in developing investigative leads for law enforcement.

The Regional Area Gang Enforcement (RAGE) unit, an ATF led task force, was established in June 2003 to contend with the growing Latino gang problems in the Maryland portion of the Washington, DC Metropolitan region. RAGE has had contact with and identified approximately 1,000 members of various Latino gangs in this area. RAGE is currently comprised of investigators from ATF, ICE, FBI, Prince George's County Police, Maryland National Capital Park Police, Howard County Police, Montgomery County Police, Hyattsville City Police, Fairfax County (VA) Police and Maryland State Police. RAGE investigators have identified three Mara Salvatrucha 13 (MS-13) cliques which are the most violent and involved in criminal activity, and consequently present the greatest threat to the public and law enforcement. MS-13 is an extremely violent street gang with documented involvement in homicides, rapes, aggravated assaults, carjacking, citizen robberies, prostitution, firearm trafficking, extortion, witness intimidation, auto theft, burglaries and other crimes.

SOUTHWEST BORDER INITIATIVE

In October 2005, the Attorney General established an ATF-led VCIT in Laredo, Texas, to address increased violent crime along the border between the United States and Mexico. The Laredo VCIT serves as the focal point for ATF's Southwestern Border Initiative. This Initiative coordinates resources from four field divisions and previously established VCITs in Tucson, Albuquerque, and Houston. The initiative fights regional and cross-border violence and firearms trafficking by em-

ploying the tools of the VCIT strategy—geographic targeting, partnership and technology. ATF is working closely with the Laredo Police Department to identify targeted geographical areas and the worst offenders. ATF also is working in a reciprocal partnership with Immigration and Customs Enforcement [ICE] lending support to Operation Community Shield and Operation Blackjack while ICE supports VCIT to ensure the full use of the expertise and resources of both agencies. Through its International Programs Branch, ATF is working closely with the Mexican government to ensure that U.S.-sourced firearms recovered in Mexico are properly identified and documentation is submitted to ATF for tracing. ATF uses the trace results to identify and investigate firearms traffickers who illegally divert firearms to drug traffickers. Other technologies being used include crime gun mapping and ballistic tracing.

NATIONAL TRACING CENTER

ATF's National Tracing Center (NTC) is the largest operation of its kind in the world. This facility conducts traces of firearms recovered at crime scenes for any Federal, State, local, or international law enforcement agency. In fiscal year 2005, the NTC traced over 260,000 firearms. The NTC stores information concerning multiple sales of firearms, suspect guns, and firearms with obliterated serial numbers, and is also the only repository for all records of FFLs that have gone out of business. The NTC provides ATF personnel and other law enforcement agencies with crime gun data specific to their geographic areas, and helps them identify emerging trends and patterns in firearms-related criminal activity.

In the conference report accompanying the Consolidated Appropriations Act for fiscal year 2005, Congress expressed support for the NTC Program known as Access 2000 and encouraged us to emphasize and expand it. I am pleased to inform the committee that we have done so. Under the Access 2000 initiative, which benefits both ATF and our industry partners, servers supplied by ATF have been installed at 49 firearms manufacturers and major wholesale distributors, all of them FFLs, who have voluntarily partnered with ATF in this effort. FFLs enter firearms information into the servers; the NTC connects to these servers remotely and can obtain information on a firearm's disposition in the course of a crime gun trace. This program substantially reduces administrative costs to the FFL and the time it takes ATF to trace a firearm.

In order to reduce violent crime, ATF will continue to develop and employ technology that will help law enforcement at all levels. Through the National Integrated Ballistic Information Network (NIBIN) Program, ATF has installed automated ballistic comparison equipment at 230 sites in participating forensic laboratories in the continental United States and its territories, giving these State and local law enforcement agencies the opportunity to identify ballistic links between crimes not otherwise known to be connected.

EXPLOSIVES

In addition to our investigative efforts against firearms trafficking and violent firearms crime, ATF agents investigate bombings, unlawful distribution of explosives, thefts of explosives, and other violations of explosives laws. ATF industry operation investigators (IOIs) ensure that the manufacture, importation, and commerce in explosives are conducted lawfully. Other programs combine advanced technology with ATF's years of expertise, providing critical intelligence for Federal, State, and local law enforcement to use in investigating explosives incidents in their areas.

As part of the Department of Justice's efforts to ensure the coordination of explosives investigations, explosives information sharing, and other related explosives matters amongst its law enforcement components, the Department of Justice reviewed the explosive programs of ATF, FBI, and others and on August 11, 2004, issued a policy memo outlining roles and responsibilities as they relate to explosives issues. Former Attorney General Ashcroft's policy memorandum regarding coordination of explosives investigation and related matters helped to clarify the responsibilities of ATF, and a few of the decision points are as follows:

- Mandated that ATF would control the investigation of all explosives incidents except those related to terrorism and those where the FBI has traditionally exercised jurisdiction [bank robberies, organized crime, etc].
- Tasked ATF to maintain all DOJ arson and explosives databases currently maintained by other DOJ components.
- Mandated the consolidation within ATF of all budget, curriculum, teaching, and scheduling functions related to DOJ post-blast explosives training for Federal, State, local, and international entities.

—Directed ATF to establish standards to certify all explosives detection canines used by DOJ components.

I am honored by the confidence that the Attorney General placed in ATF when he made these decisions. Mr. Chairman, I believe that these policies will be responsible for significant financial efficiencies.

ATF strives to investigate each and every report of theft or loss of explosives in the United States in order to ensure that these explosives do not fall into the hands of terrorists or criminals. In fiscal year 2005 alone, ATF's diligent investigative efforts have led to the recovery of more than 15,000 pounds of high explosives, in addition to 1,533 pounds of low explosives, 5,280 blasting agents, 14,356 detonators, and 6,859 grenades. Mr. Chairman, the recovery of these items has made our Nation a safer place.

At the end of last year, the theft of a large quantity of explosives and detonators garnered significant public attention. On December 18, 2005, ATF, the Albuquerque Police Department, the Bernalillo County Sheriff's Department, the New Mexico State Police, and the FBI began investigating the theft of approximately 400 pounds of explosives from a Federal Explosive Licensee (FEL) located just outside Albuquerque, New Mexico. Five subjects have been subsequently arrested and charged with Federal explosives- and firearms-related violations. All of the stolen explosives have been subsequently recovered with the exception of one or two detonators.

While all ATF special agents receive substantial explosives-related training, special agents who qualify as certified explosives specialists (CESs) are among the most experienced, best-trained explosives experts in the Federal Government. They conduct explosives crime scene examinations, lend expertise in support of security measures implemented at special events, and assist ATF's law enforcement counterparts at the Federal, State, local, and international levels in their efforts to investigate explosives-related incidents. CESs are highly trained in all aspects of explosives handling, instruction, identification, demonstration, and destruction. Because of their proficiency in explosives investigation, CESs are used regularly as instructors for explosives-related training throughout the United States and at the International Law Enforcement Academies in Budapest, Hungary; Bangkok, Thailand; and Gaborone, Botswana.

ATF has other experts in the field of explosives. ATF's explosives enforcement officers (EEOs) provide technical assistance and support in explosives matters. These bomb technicians have between 12 and 35 years of experience in explosives and bomb disposal. EEOs render explosive devices safe, disassemble explosive and incendiary devices, prepare destructive device determinations, and render expert testimony in support of such determinations in State and Federal criminal court proceedings. EEOs also provide expert analysis and onsite investigative technical assistance at bombing and arson scenes and other scenes where explosions of an undetermined nature have occurred. They provide assistance and training in all aspects of explosives handling, usage, and destruction; threat vulnerability assessments; and all other explosives-related matters for ATF and State and local law enforcement agencies. EEOs use a full range of bomb disposal equipment including such robotic equipment as the All-purpose Remote Transport System (ARTS), which is designed to remotely disrupt car and truck bombs that are too large to disarm by traditional methods—ATF is one of the few Federal agencies with ARTS capability.

To comply with the Attorney General's 2004 August memorandum, ATF has transferred the Arson and Explosives National Repository (AENR) to the United States Bomb Data Center (USBDC). The information maintained within the USBDC is this country's most comprehensive set of data describing fire/explosion incidents. The incidents are divided into specific categories such as targets, locations, motives, and victims. Trends, patterns, and criminal methodologies, as well as the identities of known previous offenders, can be derived from the data set. Most importantly, ATF agents or other law enforcement officials can contact USBDC to query the construction characteristics of an explosive device, and match the device to others with similar characteristics.

ATF is now using the latest information management technology to make case information available to law enforcement nationwide through the Bomb Arson Tracking System (BATS). This program facilitates and promotes the collection and dissemination of fire, arson, and explosives incidents and information among participating agencies. Law enforcement agencies are able to enter their case information and query information entered by others, both locally and across agencies. BATS benefits its users by providing real-time incident-based information, records management functions, and there are plans to incorporate a feature providing spatial representation of incidents via an integrated Geographical Information System—all within a secure law enforcement environment. Eventually, the wealth of case information available through the USBDC will also be accessible through BATS.

ATF is sharing its expertise by training Federal, State, local, military, and international bomb technicians and investigators in explosives disposal and investigation techniques at NCETR, currently located at Fort A.P. Hill, Virginia. ATF offers numerous advanced courses related to explosives disposal and post-blast investigation techniques at NCETR, which was authorized in the Homeland Security Act of 2002. As previously noted, we are currently training Army explosives units prior to their deployment to Iraq. In addition, ATF provides post-blast training to members of the Department of State, the Naval Criminal Investigative Service, and the Air Force Office of Special Investigations. Since ATF began holding training classes at Fort A.P. Hill in 2000, we have provided training to more than 4,000 Federal, State, local, and international bomb technicians and investigators. The fiscal year 2006 conference agreement (Public Law 109-108) provides \$5.0 million in funding for site selection, architectural design, site preparation for the construction of a permanent site for NCETR. In considering site selection, ATF is directed to consider a site co-located with other law enforcement and Federal government entities that provides similar training and research. The dynamic of these collective resources will provide a unique opportunity to leverage assets, knowledge, and expertise in the field, providing Federal, State and local law enforcement explosives expertise at a single location.

ARSON

ATF's arson investigative work includes two recent high-profile arson cases. In December 2004, fires were set in a new housing development in Charles County, Maryland, resulting in damage to over 30 homes—a number of which were completely destroyed. Our agents investigated and our state-of-the-art Forensic Science Laboratory analyzed all of the evidenced gathered. The results of our efforts were two guilty pleas and a conviction. The second example is the District of Columbia (D.C.) serial arsonist investigation. From June 2003 through April 2005, ATF, with other law enforcement organizations, investigated over 50 fires in the District of Columbia and adjoining Prince Georges County, Maryland. These fires caused considerable loss of property for residents, and in the District of Columbia, were responsible for the deaths of two people. We examined more than 1,000 leads and 1,300 suspects and were ultimately able to identify the person responsible using DNA evidence. In June, the defendant pled guilty to 50 arsons and two counts of murder. In subsequent interviews, he has acknowledged setting as many as 350 additional fires. By investigating and solving these crimes with our State and local partners, we are also helping to prevent future arsons.

ATF's arson enforcement efforts are an integral part of ATF's overall violent crime reduction strategy, and are directed toward preventing the crime of arson, providing effective post-incident response, and reducing the community impact of crimes involving fire. ATF investigative efforts are generally focused on arsons of Federal interest, including those at houses of worship, commercial buildings, and reproductive health clinics. In fiscal year 2005, ATF opened nearly 2,000 fire investigations. I would like to address some of ATF's arson program areas and assets, including the certified fire investigator (CFI) program, ATF's response to animal-rights and environmental-rights extremism, the ATF Church Arson Task Force, and the ATF Fire Research Laboratory.

After fire departments extinguish the flames, the work begins for cause and origin investigators who must determine whether the fire was intentionally set and whether a crime was committed. The agents participating in ATF's CFI program are at the forefront of fire investigation. The special agents who participate in this program are the only federally trained and federally certified cause and origin investigators in the Federal Government. These CFIs are able to qualify as expert witnesses, that is, opinion witnesses, in fire cause and origin determinations. Each CFI has participated in hundreds of investigations and has undergone hundreds of hours of training to qualify in giving expert testimony. The CFI program is the only one of its type in Federal law enforcement and has received national and international acclaim. ATF currently has CFIs who are based in 39 States and provide support to the entire United States and its territories.

ATF also investigates bombings and crimes of arson by environmental and animal rights extremists, such as the Animal Liberation Front (ALF) and the Earth Liberation Front (ELF). Because of ATF's expertise in these areas, we have made these investigations a priority and will continue to do so. In the last several years we have initiated about 100 explosives and arson investigations believed to be linked to ALF and ELF. Most recently, 11 defendants were indicted by a Federal grand jury on 65 counts including arson, conspiracy and destruction of an energy facility for allegedly participating in a criminal campaign in five western states on behalf of ELF.

and ALF. In the past, many of the fires set by these extremists have been set utilizing a particular methodology, and the USBDC—which has records and intelligence on these acts spanning decades—stands ready to assist fire investigators in determining the methodology used in future incidents, linking events, and identifying suspects.

One of the most painful and destructive crimes that ATF investigates is arson directed at houses of worship. In fiscal year 2005, ATF responded to approximately 223 such fires and explosives incidents. Out of that number, 108 of the fires were determined to be incendiary, that is, set by human hands. Those 108 arsons caused over \$23 million in damage.

In addition to the Forensic Science Laboratory, one of ATF's newer fire investigation resources is the Fire Research Laboratory (FRL). The FRL houses a one-of-a-kind fire test center with the capability of replicating initial fire scenarios approaching a quarter acre in size, to scale, and under controlled conditions allowing for detailed analysis. This facility is the only such facility in the United States that is dedicated to providing case support in fire investigations using forensic fire science, and the facility will support ATF's investigative requirements well into the future.

CRIMINAL DIVERSION OF ALCOHOL AND TOBACCO

ATF is engaged in ongoing efforts to reduce the rising trend of the illegal diversion of alcohol and tobacco products by criminal gangs, organized crime, and terrorist groups. In fiscal year 2002 we had 61 defendants, 35 arrests, and 18 convictions relating to tobacco diversion. In fiscal year 2005, we had 314 defendants, 162 arrests, and 73 convictions, increases of 515 percent, 463 percent, and 406 percent respectively. From the hijacking of tractor trailer loads and cargo containers of cigarettes, to the armed robbery of tobacco retailers, wholesalers, and distributors, to traditional smuggling conspiracies, ATF has successfully investigated and prosecuted the criminals involved. Current investigations have identified several instances of terrorist groups forming alliances with tobacco traffickers to generate funding to support their organizations and activities. We have built complex cases against individuals and organizations that have used proceeds from the illegal sales of cigarettes to fund organized crime and terrorism, and these cases have been successfully prosecuted. ATF also works in partnership with other Federal, State, and local agencies to enforce the laws under their jurisdiction. Where a terrorism nexus is present, ATF works with the local Joint Terrorism Task Force.

Illegal trafficking of ATF-regulated commodities using the Internet is a growing problem, particularly with tobacco products. The illicit sale of tobacco products via the Internet is increasing and causing a substantial loss of excise tax revenue to Federal and State Governments. ATF utilizes laws such as the Contraband Cigarette Trafficking Act and Wire Fraud, Mail Fraud, and money laundering statutes to interdict illicit interstate cigarette distribution via the Internet and the mail.

INDUSTRY OPERATIONS: ATF'S DUAL ROLE

ATF's role in Federal firearms and explosives laws, with both regulatory and enforcement responsibilities, is unique. ATF industry operations investigators ensure that the manufacture, import, and sale of firearms and explosives are conducted lawfully. Through education and industry partnerships, we work to keep firearms and explosives out of the wrong hands.

According to the Institute of Makers of Explosives, over 5.6 billion pounds of commercial explosives are used every year in the United States in mining and other applications. ATF ensures compliance with explosives laws and regulations through its explosives regulatory program. The purpose of this program is to protect interstate and foreign commerce against interference and interruption by reducing hazards to persons and property arising from the misuse and unsafe or unsecured storage of explosive materials. This is accomplished through the explosives field inspection effort; through the development, implementation, and evaluation of regulatory enforcement procedures and policy; through the screening of prospective and current explosive licensees/permittees and their employees; and through regular and open communication with the explosives industry and its representatives. ATF's field inspection program includes the thorough review of records and inventory to ensure product accountability, as well as the visual inspection of explosives storage facilities to ensure safe and secure product storage to prevent theft and misuse of explosives and accidents. Investigators verify that explosives storage magazines meet Federal construction and location requirements, including the required distance from explosives storage areas to roads or residential areas.

The Safe Explosives Act (SEA) enhanced ATF's unique statutory mission of regulating the explosives industry. With the passage of this act in 2002, ATF assumed

a significant additional workload such as continued issuance of renewal licenses/permits for nearly 13,000 explosives-related businesses; increased inspection efforts and more thorough license application processing, including background checks for all employees who possess explosives. Further, the SEA decreed that ATF physically inspect every new explosives licensee applicant to ensure public safety. ATF's proposed explosives user fee will offset the explosives industry inspections that are currently carried out by ATF in furtherance of its mission.

ATF's investigators are also responsible for firearms licensee inspections. Day in and day out, these investigators ensure that FFLs follow appropriate guidelines and procedures. Their work helps to prevent the acquisition of firearms by prohibited persons. Further, by promoting proper recordkeeping and business practices, they help ensure effective firearms tracing in critical investigations by the Nation's law enforcement community. Cooperative programs such as "Don't Lie for the Other Guy," a joint venture between ATF and the National Shooting Sports Foundation, provide essential education for FFLs. In addition, our Federal Firearms Licensing Center in Atlanta screens all FFL applicants by coordinating background checks on persons responsible for firearms operations. I would like to note that, consistent with the Consolidated Appropriations Act for fiscal year 2005 (Public Law 108-447), we are in the process of moving the licensing center to the site of our National Tracing Center in Martinsburg, West Virginia. Co-locating these facilities will result in increased efficiencies and improved service to the public.

INTELLIGENCE/TECHNOLOGY

ATF recognized the opportunity to improve intelligence support internally and externally, and created an Office of Strategic Intelligence and Information (OSII) in 2003. The new directorate, headed by an assistant director, provides timely, accurate, and focused intelligence through the collection and analysis of information which enhances decision-making for all Bureau customers. Thus, it ensures that our special agents and investigators receive the necessary information to disrupt criminal organizations and individuals that threaten public safety. The creation of OSII was a big step toward enabling ATF to put its information to the best possible use. The dynamic exchange of intelligence information between headquarters and field offices allows ATF to leverage data collection and analytical expertise to aid in providing accurate and timely intelligence support. I would also like to note that ATF has committed resources to all Joint Terrorism Task Forces (JTTFs) nationwide. The ultimate outcome of these efforts will be better information to investigators, which will, we hope, help prevent future incidents.

ATF's Forensic Science Laboratories are an invaluable resource in perfecting ATF cases and in serving as a resource for State and local law enforcement. ATF's Forensic Science Laboratory system is composed of the National Laboratory Center (NLC) in Ammendale, Maryland, and the regional laboratories in Atlanta, Georgia, and San Francisco, California. The laboratories are equipped with state of the art forensic and scientific technologies. ATF laboratory personnel perform fire debris analysis, tool mark comparisons, explosives scene evidence examinations, searches for the presence and comparison of identifiable latent fingerprints, and examine trace evidence from crime scenes such as hair, paint, or fibers.

ATF is a participant in the Terrorist Explosive Device Analytical Center, or TEDAC, operated at the FBI laboratory in Quantico, Virginia. At this center, ATF and other partners analyze explosive devices from Iraq and Afghanistan in an effort to identify bombers and to prevent further attacks. Experts work to evaluate improvised explosive device (IED) components to identify similarities and potential bomb makers, provide timely intelligence to military and law enforcement, and collect latent prints and DNA from terrorist IEDs to link the same person to similar devices. Four ATF employees work full-time at the center—including an ATF special agent who serves as TEDAC's Deputy Director—providing their technical expertise in identifying components of IEDs. TEDAC has provided assistance to U.S. military and intelligence personnel in preventing fatal detonations of IEDs and in tracking down bombing suspects. This is an example of how we are working within DOJ to prevent terrorism, and contributing our knowledge to a common goal.

I have worked closely with Federal Bureau of Investigation Director Robert Mueller to strengthen interagency collaboration on a number of international efforts, including TEDAC. Under Director Mueller's leadership, and with the assistance of an ATF special agent serving as deputy director, TEDAC's device component analyses has more than doubled. ATF is incorporating this information on terrorist IEDs in State and local training programs to better equip local investigators and bomb technicians in recognition and investigative skills to alert on potential criminal and terrorist IEDs.

SPECIAL PROGRAMS

Several of ATF's programs, such as the National Response Team (NRT), Special Response Team (SRT), and the canine program, strengthen our efforts in firearms, explosives and arson, and alcohol and tobacco diversion. They contribute to our missions of preventing terrorism, reducing violent crime, and protecting our Nation.

In the wake of a major fire or explosives incident, law enforcement investigators can rely on the expertise and advanced technology of ATF's NRT. The NRT augments the investigative expertise of special agents in each field office and are capable of responding within 24 hours to major explosives or fire incidents. NRT members—consisting of highly trained special agent CFIs as well as CESs, EEOs, chemists, intelligence and audit support, legal advisors, and others—work alongside State and local officers in reconstructing the scene, identifying the seat of the blast or origin of the fire, conducting interviews, sifting through debris to obtain evidence related to the explosion and/or fire, assisting with the ensuing investigation, and providing expert court testimony. Since the NRT was created in 1978, it has been activated 601 times. In fiscal year 2005 alone there were 13 activations. The effectiveness of this response capability and the expertise of the team members were evident in the NRT's responses to incidents, such as the 1993 World Trade Center and 1995 Oklahoma City Federal Building bombings and the 2001 attack on the Pentagon.

One of ATF's major assets in the fight against violent criminals is our SRTs consisting of some of the bravest, most dedicated, and most professional special agents in Federal law enforcement. The special agents on these teams conduct high-risk tactical operations such as the execution of arrest warrants, search warrants, and buy/bust operations. In fiscal year 2005, the SRT planned 150 operations and executed 101 of these high risk enforcement actions. In addition, two SRT Teams were assigned to New Orleans for 60 days to assist in the law enforcement response in the aftermath of Hurricane Katrina.

In September of last year, ATF had the privilege of providing a demonstration of our explosives and accelerant detection canine program to the House Homeland Security Subcommittee on Management, Integration and Oversight. After the demonstration, the branch chief for the canine training program testified before the subcommittee regarding the status of ATF's program and progress made on establishing a National Odor Recognition Standard for all explosives canines. ATF's unique training methodology enables its 35 explosives detection canines to find explosives and gunpowder residue, IEDs, post-blast debris, firearms, ammunition, bulk explosives, and spent shell casings. By breaking down the thousands of known explosive compounds into five recognizable and consistent chemicals, the canines can detect explosives used in up to 19,000 known explosives compounds. It is important to note that ATF is the only agency systemically training canines on peroxide explosives such as those used in the July 2005 terrorist attacks on the London transportation system.

Our canine program trains and certifies explosives detection canines for State, local, and Federal agencies as well as foreign countries. To date, we have trained 621 canines for the use of our agents and our domestic and international law enforcement partners. In compliance with former-Attorney General Ashcroft's mandate, we have established standards to certify all canines used by DOJ components which will ensure that these components have an efficient tool to identify and locate explosives. Because there are so many other providers of explosives detection canines that are trained under a variety of standards and conditions, the National Bomb Squad Commanders Advisory Board, which represents State and local bomb squads, asked ATF to implement a National Canine Basic Odor Recognition Standard for all explosives canine teams domestically. While ATF shares the concern of the advisory board that explosives detection canines used domestically should be trained to a national odor recognition standard, this cannot currently be accomplished within existing resource levels. ATF is evaluating ways to further implementation of the standard within existing resource levels. Moreover, our 60-accelerant detection canines help to identify potential points of origin at a fire scene. In addition to supporting local authorities, the accelerant detection canines respond with the NRT and are used by ATF field offices on a case-by-case basis.

Although the original goal of the explosives detection canine program was to locate explosive devices, these canines have also proven themselves to be a valuable asset in firearms investigations through their ability to locate hidden firearms and ammunition. Using this existing asset in a new way has been invaluable during search warrants and following shootings when other means of locating firearms, ammunition, and spent shell casings have failed. On October 20, 2002, following a shooting connected to the District of Columbia sniper investigation, an ATF canine team searching the woods surrounding the crime scene found a .223 shell casing.

This ballistics discovery also led investigators to a note tacked to a nearby tree which had been placed by the suspects in an effort to communicate their demands. The shell casing was analyzed by the ATF National Laboratory and was eventually matched to the Bushmaster rifle recovered at the arrest site.

INTERNATIONAL

Law enforcement agencies worldwide use our firearms tracing capabilities to gain additional information about crime guns. In fiscal year 2005, Congress provided ATF's National Tracing Center with a \$1 million increase to cover the cost of increased international trace requests. In that fiscal year, ATF traced over 12,000 firearms for foreign law enforcement representing 56 foreign countries. Our international activities enhance public safety in many countries worldwide, and in so doing, they protect American interests.

ATF provides extensive support to America's diplomatic activities. Regional Security Officers from the Department of State's Diplomatic Security Service (DSS) participate in post-blast training led by ATF. The training focuses on explosives crime scene processing, management and preservation, and includes explosives identification and effects. Other countries have benefited from ATF's expertise in training explosives detection canines: through a partnership with the Department of State, ATF has trained approximately 375 canines for international law enforcement agencies since the program's inception in 1990. Also, our International Response Team (IRT) deploys in support of DSS investigative responsibilities and foreign government requests. The IRT has been deployed 25 times in response to fire and explosives incidents since its inception in 1991, most recently to investigate a deadly fire in Granada.

ATF works with agencies worldwide to prevent firearms from reaching the hands of organized criminal gangs, drug traffickers, terrorist organizations, and other criminals. ATF enforces provisions of the Arms Export Control Act (AECA), and has primary jurisdiction over permanent firearms and ammunition imports. The Department of State administers the temporary import and export provisions of the AECA, and the Department of Homeland Security enforces all AECA provisions at U.S. ports and borders.

PARTNERSHIPS

At ATF, we believe that working together is not just a good idea—it is a matter of national security. Our agency has a long history of collaborating effectively with other enforcement agencies, industry, and the scientific and academic communities. Our successes are directly related to our ability to work effectively with our colleagues.

As part of our robust support for joint efforts to counter the grave threat of terrorism, we share our expertise in firearms, explosives, and alcohol and tobacco diversion. As noted previously, ATF contributes to the Department of Justice's fight against terrorism through the JTTF program. ATF personnel assigned to JTTFs function as in-house experts on firearms and explosives violations and on tobacco diversion act as liaisons between the FBI and ATF at the local level on intelligence matters, and are a vital part of the joint investigative team. ATF has 43 full-time and 17 part-time personnel assigned to JTTFs around the country with an additional 42 personnel designated to liaison with the remaining JTTFs not located in proximity to an ATF field office—therefore, ATF has committed resources to all JTTFs nationwide.

ATF works closely with other Federal agencies and with the academic and scientific communities, to conduct research and monitor developments in explosives research, blast mitigation, and explosives detection. ATF representatives also serve as a subgroup co-chair and as task managers on several research efforts funded through the Technical Support Working Group (TSWG). The TSWG, administered by DOD under the auspices of the National Security Council, conducts rapid research, development, and prototyping of multiple use technologies for law enforcement and military purposes. ATF also has collaborative research partnerships with the U.S. Army Engineer Research and Development Center, and has partnerships with Oak Ridge National Laboratory; Lawrence Livermore National Laboratory; University of Missouri, Rolla; and University of Massachusetts, Lowell. Also, ATF closely and regularly collaborates with representatives of foreign governments, including the United Kingdom, Israel, and Canada.

ATF leverages its resources to better inform, advise, and educate its stakeholders and customers. For instance, ATF has partnered with The Fertilizer Institute to launch voluntary campaigns to raise the awareness of industry, law enforcement,

and the public on the sale, security, storage, and transportation of ammonium nitrate, the chemical that was mixed with fuel oil in the Oklahoma City bombing.

ATF employees hold key positions in many prestigious professional organizations. I am a member of the executive committee of the International Association of Chiefs of Police (IACP) and, since 1990, an ATF agent has chaired the IACP Arson and Explosives Committee. Similarly, ATF has maintained outstanding relationships with the International Association of Bomb Technicians and Investigators, the International Association of Arson Investigators, the International Association of Explosives Engineers, the National Sheriff's Association, Major Cities Chiefs Association, Police Research Forum, and the National Bomb Squad Commanders. Also, as stated previously, ATF has a partnership with the National Shooting Sports Foundation in conducting the "Don't Lie for the Other Guy" program which provides essential education for FFLs.

MANAGEMENT

Mr. Chairman, ATF is a well-managed and effective organization, and external evaluations of our abilities confirm this. In the last 2 years, the Office of Management and Budget has evaluated ATF's explosives and arson programs and our firearms programs. In each review, we received a rating of "moderately effective," one of the higher ratings received by Federal law enforcement programs. Also, as part of the President's Management Agenda, the Office of Personnel Management sponsored a survey of 115 Federal subcabinet agencies. On this survey of employee satisfaction, I am proud to say that ATF ranked 15th. With the continued support of the Department and this subcommittee, we will continue to provide innovative management and personnel.

The ATF Headquarters building is being constructed here in Washington, DC. The vision for this high-tech, environmentally friendly building is threefold: it fulfills Congress' intention to move ATF employees and mission to safer and more secure facilities; it will serve as a landmark facility for the Federal government; and it will support the revitalization efforts of the city. ATF is scheduled to move to its new Headquarters this fiscal year.

CONCLUSION

Chairman Shelby, Senator Mikulski, Members of the subcommittee, on behalf of the men and women of ATF, I thank you for your support of our crucial work. In the last year, we have worked to stop those whose violent and criminal behavior threatens the peace of our communities. We have investigated explosives incidents and arsons. We have helped to ensure that the firearms and explosives industries operate safely and lawfully. And we have shared our knowledge with other law enforcement personnel through extensive training programs and effective partnerships. Yet I believe that our greatest achievements are still to come. We have made much progress—but we know there is much more to do. We are determined to succeed in our mission of preventing terrorism, reducing violent crime, and protecting our Nation. We look forward to working with you to pursue this goal.

UNITED STATES MARSHALS SERVICE

STATEMENT OF JOHN F. CLARK, DIRECTOR

Senator SHELBY. Director Clark.

Mr. CLARK. Thank you, Chairman Shelby, Senator Mikulski, and members of the subcommittee. I appreciate the opportunity to appear before you today to discuss the President's fiscal year 2007 budget request for the United States Marshals Service. I am also honored to appear before the subcommittee today as the first career employee of the Marshals Service and also with my distinguished colleagues.

UNITED STATES MARSHALS SERVICE ACCOMPLISHMENTS

I just want to briefly outline some of our most recent accomplishments to set the stage for our 2007 budget request. Protecting the American judicial system continues to be a top priority for the Marshals Service. Last year, we protected 2,200 Federal judges, 5,500

U.S. attorneys and their staff, as well as numerous juries and other people associated with the American judicial system. We provided the safekeeping for nearly 55,000 pretrial prisoners, produced prisoners for 650,000 court proceedings, provided protection for over 200 individuals who had received threats; we analyzed and investigated over 950 threats to those protectees.

FUGITIVE REGIONAL TASK FORCES

In the area of violent crime, we continued to use our fugitive regional task forces. Last year, we apprehended over 77,000 Federal fugitives and 52,000 State and local fugitives. We safely handled 673 international extraditions, a record high for fiscal year 2005. We increased our fugitive efforts in foreign field offices, most notably in Mexico. We conducted several major fugitive roundups, such as Operation Falcon, which netted an unprecedented 10,000 fugitives in a single week. And we continue to manage over \$1 billion in seized assets.

SUMMARY OF FISCAL YEAR 2007 BUDGET REQUEST

For the sake of time, I will move into our 2007 budget request. Our fiscal year 2007 budget request addresses the Marshals Service highest priority needs. In total, we are requesting 66 additional positions and \$13.6 million to address critical needs related to judicial security, information technology, and audited financial statements. We are also proposing \$9.4 million in program offsets.

JUDICIAL SECURITY

In the area of judicial security, in order to keep pace with a growing workload and to improve judicial security, we are requesting 37 positions and \$4.6 million. The requested resources will allow the Marshals Service to hire 28 additional deputy marshals and nine administrative support staff for our district offices as well as fund the ongoing costs associated with the home security monitoring systems.

INFORMATION TECHNOLOGY

In the area of information technology, in order to maximize the agency's use of new technologies and strengthen the information technology infrastructure, we are requesting 14 system administrators and \$7.2 million. The Marshals Service has made significant progress in the information technology area, but more is needed to successfully accomplish our mission and support the Department's Federal initiatives.

AUDITED FINANCIAL STATEMENTS

In the area of the audited financial statements, we are requesting 15 positions and \$1.8 million to correct material weaknesses and reportable conditions identified in the 2005 financial audit and to address the increased financial oversight and internal control workload associated with the Sarbanes-Oxley Act of 2002.

With regard to the offsets mentioned previously, in 2006, the Congress generously provided resources in addition to our request. The Marshals Service needs to reduce the levels of these programs

by \$9.4 million in fiscal year 2007 to ensure that adequate resources are available for judicial security.

I appreciate again the opportunity to appear before the subcommittee, and I look forward to taking your questions now.

[The statement follows:]

PREPARED STATEMENT OF JOHN F. CLARK

Chairman Shelby, Senator Mikulski, and Members of the subcommittee, I appreciate the opportunity to appear before you today to discuss the President's fiscal year 2007 budget request for the United States Marshals Service.

Since September 11, the Marshals Service has had an integral role in the Nation's efforts to combat terrorism. We were among the first responders at the World Trade Center and the Pentagon on September 11. Our primary mission is to protect the judicial process, and in doing so, we have taken aggressive measures to protect courthouses and secure courtrooms in order to handle the many high threat trials involving suspected terrorists, violent gang members, and drug traffickers.

Most recently, the Marshals Service sent hundreds of deputies to Alabama, Mississippi, Louisiana, and Texas to assist in rescue, recovery, evacuation, and law enforcement activities in the aftermath of Hurricanes Katrina and Rita. I would like to thank this subcommittee for its support of the Marshals Service and for the supplemental funding we received to repair our courthouses and replace damaged equipment.

FISCAL YEAR 2005 ACCOMPLISHMENTS

The legal proceedings of Zacarias Moussaoui have been ongoing through all of fiscal year 2005. The USMS has continued to provide security for this high-profile trial. Thankfully, we have been successful in producing the defendant safely and securing the judicial proceedings. On April 22, 2005, Mr. Moussaoui pleaded guilty to all of the charges against him. The trial is now in the penalty phase and we expect this phase to last 2 to 3 months.

As the former U.S. Marshal in the Eastern District of Virginia, I can speak firsthand about the planning and resource requirements necessary to prepare for a high threat trial. The Moussaoui case is just one example. Agency-wide, our personnel produced prisoners for 650,000 court proceedings; all without one escape or injury to a judge, witness, or prosecutor. Last year, we investigated over 950 potential threats to Federal judges and prosecutors. Our Deputy Marshals provided 200 personnel protective details and another 300 event protective details. All were completed without a single incident of violence.

The increase in gang-related trials also presents many challenges for us. For example, in Santa Ana, California, we are securing the largest capital murder case in United States history. Forty defendants affiliated with the Aryan Brotherhood are on trial for a variety of violent crimes including conspiracy to commit murder and drug trafficking. At least 8 gang members face the death penalty. Not only are the defendants part of this gang, but so are the witnesses. At least 12 former gang members are expected to testify.

In addition to the Aryan Brotherhood gang, the Mara Salvatrucha gang, referred to as MS-13, is expanding its influence internationally. Last year in Alexandria, several members of the MS-13 gang were successfully convicted of a brutal murder. That trial included producing participants from the Witness Security Program which required additional security precautions. Providing protection for witnesses who testify against a gang known for its viciousness is a daunting task. I would like to thank this subcommittee for its continued support of the Witness Security Program and for recognizing their role in stopping gang violence.

Outside of the courtroom, the Marshals Service is working diligently to achieve the offsite security initiative funded through the 2005 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief. We are grateful for the support provided by Congress. The funds will allow the Marshals Service and the Judiciary to install home intrusion detection systems in the homes of federal judges. After planning the implementation of this system, we have hired a contractor to provide and install the systems. The four pilot sites concluded successfully and systems are being ordered and installed throughout the country.

Over 4 days in August 2005, the Marshals Service conducted a unique fugitive apprehension initiative, Operation Fugitive Safe Surrender, in the Northern District of Ohio. This operation combined the efforts of the Marshals Service, State and local law enforcement, local prosecutors, and community leaders in creating an environment where fugitives were encouraged to surrender under circumstances that guar-

anteed their safety and the safety of the surrounding community. This innovative, faith-based initiative resulted in the peaceful surrender of 850 fugitives, of which 350 were fugitive felons. Later this year, we will expand this initiative into 6 cities including: Albuquerque, New Mexico; Camden, New Jersey; Louisville, Kentucky; Phoenix, Arizona; Richmond, Virginia; and Washington, DC.

The Marshals Service continues to improve strategies used to apprehend fugitives. In April of 2005, the Marshals Service conducted the largest fugitive roundup undertaken by any law enforcement agency in the United States. By working with law enforcement officers from Federal, State, county, and city agencies, Operation FALCON (Federal and Local Cops Organized Nationally) apprehended over 10,000 violent fugitives and cleared 14,000 warrants. Agency-wide, our Deputy Marshals apprehended over 77,000 Federal fugitives and another 52,000 State and local fugitives.

We have also made a substantial impact on the fugitive workload in Mexico, Jamaica, and the Dominican Republic. The placement of deputy marshals in these foreign field offices led to 673 extraditions in 2005; a record-high number for the Marshals Service. One of these extraditions from last February involved deputy marshals working with Mexican authorities on the return to the United States of a sex offender who had kidnapped a 15-year-old girl and taken her to Mexico. Once in Mexico, the offender abused the girl for 2 weeks before she managed to escape. Criminal acts of this nature must be investigated vigorously and immediately. We thank our Mexican counterparts for their diligence and continued cooperation.

CHILDREN'S SAFETY ACT

The protection of the nation's children from those who would prey upon them is important to our nation's future. For that reason, I would like to thank you, Mr. Chairman, and other members of this subcommittee for co-sponsoring the Children's Safety Act of 2005 (H.R. 3132). This important piece of legislation would establish a comprehensive national system for the registration of sex offenders. Failure to register would make it a federal crime which in turn would generate additional federal fugitives. We would welcome the opportunity to become involved in this vital effort to keep our children and families safe.

FISCAL YEAR 2007 BUDGET REQUEST

Our fiscal year 2007 budget request addresses the Marshals Service's highest priority needs. In total, we are requesting 66 additional positions and \$13.6 million to address critical needs related to judicial security, information technology, and audited financial statements. We are also proposing \$9.4 million in program offsets.

JUDICIAL SECURITY

Protection of the judicial process—with a heavy emphasis on judicial security—remains the primary mission of the United States Marshals Service. The workload associated with judicial and courthouse security has significantly increased in the last 5 years due to the Nation's heightened awareness of possible threats. The murder of Judge Lefkowitz's husband and mother in retaliation for her rulings demonstrates why judicial security is vital in maintaining the Federal judicial process. To keep pace with a growing workload and to improve judicial security, we are requesting 37 positions and \$4.6 million. The requested resources would allow the Marshals Service to hire 28 additional deputy marshals and 9 administrative support staff for district offices, as well as fund the ongoing costs associated with home security system monitoring.

INFORMATION TECHNOLOGY

In order to maximize the agency's use of new technologies and strengthen the information technology infrastructure, we are requesting 14 systems administrators and \$7.2 million. The Marshals Service has made significant progress in the information technology area but more is needed to successfully accomplish our mission and support departmental and Federal initiatives. We will use the requested resources to enhance the Justice Detainee Information System, purchase replacement servers and software, and provide additional systems administrators to district offices. JDIS is a critical law enforcement tool because it marries our judicial threat data with warrant, criminal history, prisoner scheduling, and booking information into a single database. Our long term goal is to share this information with other agencies, including the Federal courts, so we all can take advantage of this law enforcement information. These resources will ensure that the Marshals Service is

working not only harder but smarter and taking full advantage of available technologies.

AUDITED FINANCIAL STATEMENTS

Finally, we are requesting 15 positions and \$1.8 million to correct material weaknesses and reportable conditions identified in the 2005 financial audit and to address the increased financial oversight and internal control workload associated with the Sarbanes-Oxley Act of 2002. In the 2005 financial audit of the Marshals Service, auditors provided an unqualified opinion on our financial statements; however, they also identified three material weaknesses and one reportable condition. The requested program increase will ensure that the auditors' recommendations are addressed and that we continue to provide appropriate financial oversight, policy compliance, and delivery of timely, accurate and reliable financial statements.

OFFSETS

In 2006, Congress generously provided resources in addition to our request. Though appreciated, the Marshals Service needs to reduce the levels of these programs by \$9.4 million in fiscal year 2007 to ensure that adequate resources are available for judicial security. The proposed offsets reduce funding for courthouse renovations and fugitive apprehension.

Thank you for the opportunity to present the Marshals Service budget request for fiscal year 2007. We appreciate your ongoing support and hope to prove efficient stewards of the resources entrusted to us. I would be happy to answer any questions you may have at this time.

Senator SHELBY. Thank you. We will start with the FBI, Mr. Director. We will have a number of questions for the record, but we will try to move this.

SENTINEL

We are both—we all were interested in Trilogy. We wanted it to work. We want the next one, Sentinel, to work. Last week, I wrote a letter to you requesting answers to a lot of the questions the staff is interested in regarding the procurement and the FBI's new \$500 million procurement of Sentinel. I have a copy of this that we will make part of the record here, but I know there are lots of questions here, Mr. Director.

Can you assure us you will get those answers as soon as possible just for our information of the subcommittee?

Mr. MUELLER. Again, Mr. Chairman, we are working. We are working. I think there are something like 85 questions.

Senator SHELBY. It is a lot of them.

Mr. MUELLER. And a number of them go back to Trilogy.

Senator SHELBY. They do.

Mr. MUELLER. Which was two-thirds of it was successful, one-third not successful.

Senator SHELBY. We know.

Mr. MUELLER. And what we are focusing on is making certain that Sentinel is successful. We would be happy to brief your staff at any time and in addition to take suggestions from your staff or others on the Hill on how we can do it better. We have always come up and said we are open to any suggestions that you might have in terms of how we can make sure this is successful, because I know we both want to make it successful.

Senator SHELBY. I know you do, and I believe that you have probably learned things. We have all learned. But we have that responsibility on money, even if it is a dollar. But in this case, it was a lot of money, and we know the FBI has to have the modern tech-

nology. You know it better than I know, and Senator Mikulski knows it very, very well herself.

Mr. MUELLER. I can use your help in one area, Mr. Chairman. Senator SHELBY. Yes.

Mr. MUELLER. And that is we have welcomed oversight both within Congress but also outside in terms of GAO and the inspector general and the like. We have persons who are dedicated to Sentinel, and to the extent that we can consolidate requests and briefings, it would be helpful in terms of freeing up the personnel to work on the project.

Senator SHELBY. I understand.

Mr. MUELLER. And so, we are working on those questions now, but we also ask your assistance in helping us to consolidate the requests so that our personnel can respond to the legitimate requests but also spend time on the project.

Senator SHELBY. Absolutely. We want you to be successful. And our interest in oversight is to be constructive. If we are being critical, it is because we have a job to do. But we know the ultimate goal is to modernize the technology that you have at the FBI; is that correct?

Mr. MUELLER. Yes, sir.

Senator SHELBY. And we want to help you do that, want to make sure.

DRUG ENFORCEMENT ADMINISTRATION INVOLVEMENT IN THE INTELLIGENCE COMMUNITY

Administrator Tandy, the 2000 budget includes \$12 million for the DEA to formally become part of the intelligence community. How will this funding change DEA's current contributions to the intelligence community? Do you have sufficient intelligence sources in your foreign offices to help with this transition? I know you have good people, but for the record, we are interested in this.

Ms. TANDY. Thank you, Mr. Chairman.

First of all, DEA is reentering the intelligence community with a lapse since 1980.

Senator SHELBY. We know.

Ms. TANDY. We have the largest law enforcement presence in foreign countries around the world, and from that standpoint, we are extremely well positioned with our 80-plus offices in 62 countries to contribute to the community and the flow of intelligence to protect our national security. DEA did not receive additional authorities, so we continue with our primary drug enforcement function. But what you should see as a difference with DEA in the community is the flow of intelligence. First of all, DEA has rich intelligence and sources around the world. We—

Senator SHELBY. Great resources.

Senator MIKULSKI. And sources.

Ms. TANDY. Thank you.

Senator SHELBY. And sources; she is right, Senator Mikulski, resources and sources.

Ms. TANDY. We have tremendous people developing those.

But as a result of that, we will now know what is important to the intelligence community, and as we speak to our sources during the course of our normal drug enforcement work, we will be able

to expand those areas that we are covering with our sources to include the areas that are important to this country in the intelligence community. I think that is the principal benefit, and we hope there will be a two-way street as well.

Senator SHELBY. I think it is something you have got to mine. It will be very rich for the intelligence community.

Director Truscott, I want to welcome you back. You are no stranger to the Appropriations Committee.

Mr. TRUSCOTT. Thank you, Mr. Chairman.

Senator SHELBY. You have worked here with us before.

I appreciate personally the work that you explained a few minutes ago, the professionalism of your organization in dealing with the church burning in my home State of Alabama.

Mr. TRUSCOTT. Thank you.

Senator SHELBY. You did a good job; so did the Bureau, you know, working there. And you are to be commended not only one time but many times, especially by we who help fund you.

ALCOHOL, TOBACCO, FIREARMS USER FEE PROPOSAL

I commented earlier on my serious concerns with the \$120 million fee proposal included in your budget request. I am told, as I said earlier, that it would take nearly 2 years for the ATF to implement this proposal if it were enacted into law by the Congress. Is the ATF ready to implement this fee? And if the fee does not become law, what would be the impact on your agency?

Mr. TRUSCOTT. Mr. Chairman, thank you for your comments regarding our efforts.

With regard to the \$120 million user fee, ATF has the statutory responsibility to regulate the explosives industry. And there are approximately 12,000 licensed explosives entities throughout the United States. And this user fee would be an offsetting receipt for the work that we do.

There are approximately 6 billion pounds of explosives, both imported and domestic, that this user fee would apply to at the rate of 2 cents per pound. And so, the intent is that this would serve as a mechanism to offset the expenses that we have, the regulatory effort that we have to undertake this requirement that we have.

In terms of if it were not able to be funded in some sort of way, it would have a very significant impact on the agency; \$120 million is well over 10 percent of ATF's budget, so it certainly would impact our ability to regulate the explosives industry, but it also would roll into our ability to enforce explosives related statutory authority as well as the Federal firearms licensees that we also have the regulatory authority for, because it is the same industry operations investigators who do the explosives and the firearms regulatory work.

Senator SHELBY. Thank you.

JUDICIAL SECURITY

Director Clark, judicial security, that is a big issue with the Marshals. A March 2004 inspector general review showed that the Marshals Service assessment of threats against members of the Federal judiciary were deficient in several respects. The report found that the threat assessments are often untimely and of ques-

tionable validity. Further, the Marshals Service has limited capability to collect and share intelligence on potential threats, so its said, the report.

The inspector general also found that the Marshals Service lacks adequate standards for determining the appropriate measures that should be applied to protect the judiciary against danger.

Do you agree with the inspector general's finding? Do you take issue with it? And second, what is the status of the Marshals Service's efforts to protect judicial security in this country?

Mr. CLARK. Thank you, Senator, yes; as I said earlier, judicial security remains a top priority for me and for the Marshals Service. Since serving as the Acting Director and more recently being appointed as Director, we have taken several steps to improve some of the findings that were brought forward by the inspector general's report. Most notably, we have established a 24/7 or are in the process, I should say, of establishing a 24/7 threat analysis and intelligence center. This will help us speed up the process for analyzing threats against the judiciary and investigating them.

We plan on increasing the number of staff at this center with analysts and deputy marshals.

Senator SHELBY. Will you be working with the FBI on this?

Mr. CLARK. Most certainly. We in fact use their joint terrorism task forces as one of the avenues to collect and gather intelligence that we might need to protect the judiciary.

We are also in the process of conducting security awareness training for the members of the judiciary as well as retraining a number of the members of our staff in the Marshals Service on protective operations. We have been working very, very closely with the Judicial Conference and the Judicial Security Committee as an avenue to solicit their input on how we can best serve and protect them.

Most notably recently, you may be aware that we are working diligently to install the home intrusion alarms in many of the judges' residences around the country.

Senator MIKULSKI. The what?

Mr. CLARK. We have been working to install the home intrusion alarms.

Senator SHELBY. Home intrusion.

Mr. CLARK. Yes, within—

Senator SHELBY. No, home intrusion alarms.

Mr. CLARK. That is correct, yes.

Senator MIKULSKI. No, it is the arm of the Marshals, but—

Mr. CLARK. And using that as an additional security enhancement to protect them.

Senator SHELBY. Senator Mikulski.

Senator MIKULSKI. Thank you very much, Mr. Chairman. And I just have a few questions, but I do want to say something about the agencies that are represented before us and truly how much they are appreciated, Mr. Chairman, and I know you feel the same way from your own State of Alabama, but we in Maryland are part of the Capital region. We in Maryland, when we are fighting drugs, are an intersect for several States, whether it is Virginia or West Virginia, whether it is Pennsylvania or Delaware, and we are also a high threat area.

And it is the people of my State, both its citizens and its law enforcement as well as those around the Beltway that turn to these people. Whether it is the sniper that is now indicted on which the ATF and the FBI were the lead agencies, but we did not federalize continuing to rely on local law enforcement. We had our fires in a community where African-Americans who had worked hard to be able to afford \$500,000 saw the American dream go up in smoke.

So we want to thank all of the people who work in these agencies. They work 24/7; lots of times, when we are having Thanksgiving dinner, or we are off to church to hear the melody of "Silent Night", they are out there working to protect us. And I think everybody who works at these agencies are an agent, whether they are people like Agent Perkins, who is now at the Budget Office, but over there in the FBI, Mr. Chairman, there is a lady who worked for the FBI as a secretary for 50 years who went to the same high school Nancy Pelosi and I did. She has trained more FBI agents and could run this Sentinel program better than anybody else, and we could go down the line.

Senator SHELBY. You might need to find her.

Senator MIKULSKI. Yes, I think we do. So I just want to say thank you, and I mean that very, very, very sincerely, and we are safer because of the work that has been done.

DRUG TRADE FUNDING AND TERRORISM

Let me go on, though, to the questions, first of all, on terrorism. Ms. Tandy, you talk about the fact that DEA is now coming back into the intel business, and I am delighted to hear that, because in your testimony, you talk about nearly half of the State Department's listed foreign terrorist organizations have ties to the—nearly half of the State Department's listed terrorist organizations have ties to the drug trade.

That is a stunning statement, stunning. Are we saying that it is the drug trade that is one of the primary sources of revenue for terrorism?

Ms. TANDY. Senator, I am not sure I could say it is the primary revenue for each of them, although it certainly is for many of them. For others, it may be part of not just the money flow but trading drugs for munitions.

Senator MIKULSKI. What do you mean by munitions? Is that everything from a handgun to a Stinger?

Ms. TANDY. Yes, it could be a Stinger missile, an anti-aircraft missile. It could be weaponry, ammunition, all kinds of munitions used by terrorists.

Senator MIKULSKI. But what would be the range of its lethal character? I mean, do they have it to buy an ICBM? I mean, are they talking about weapons that would just be used in small areas, in kind of urban guerilla terrorist attacks, or are we talking about somebody who could take down an aircraft or someone who could have the capability of launching a weapon of mass destruction?

Ms. TANDY. I do not have any information about weapons of mass destruction, but certainly, as you have noted, Stinger missiles are capable of shooting down aircraft. That is what they are there for. There are examples of undercover investigations that DEA on the one hand, and the FBI on the other, were involved in where

there were two different drug trafficking organizations, two different locations in the United States, San Diego and Houston, where the organizations were trading cocaine on the one hand for a Stinger missile, and on the other, it was heroin for a Stinger missile, one out of Colombia and one out of Pakistan. So you do have some of that associated with those foreign terrorist organizations on the State Department list.

Senator MIKULSKI. Well, I know Senator Leahy will have some of his own questions in that area, but I think we would like very much to be kept posted on that and also particularly on the DEA efforts on Afghanistan.

We do not have the time to go into this, but in our hearing with Secretary Rice, she told us at the State Department approps hearing that literally, if we do not get a handle on the drug traffic in Afghanistan, it would have a severely destabilizing effect on Afghanistan's permanent move to democracy. So we think what you are doing is really important in that area.

NATIONAL SECURITY DIVISION

Director Mueller, on terrorism, you heard the questions that I was asking the Attorney General. Can you tell us, though, what is your new national security office, and is this the beginning of like what the Brits have, an MI-5 agency within the FBI? What will it do, and how is it not bureaucracy but an antiterrorist effort?

Mr. MUELLER. Well, for our national security branch, it consolidates counterintelligence, counterterrorism, and intelligence under one authority so that you eliminate overlap; you make certain that we are addressing the same targets.

And one thing that cannot be lost, I do not think, when you raise the specter of an MI-5 is the importance of our criminal programs in terms of training, in terms of providing us the capabilities to do an effective job in addressing terrorism or counterintelligence. We also see that the criminal programs are an abundant source of intelligence, because many of those who support terrorism are involved in criminal matters in a variety of ways and it may not be just supporters of terrorism but may be recruiting individuals or the gaining funds that would support terrorism through their criminal activities.

So it is my belief that it is important to establish a national security branch so we have recruiting, training and executive development in these specialized areas, but it has to be part of the FBI.

Your questions directed to the Attorney General were also directed to the establishment of the National Security Division in the Department of Justice. And the differentiation I would make is between our investigative responsibilities and intelligence development and gathering responsibilities through our collectors, agents, and analysts to, on the other hand, the role of the Department of Justice in taking that information and prosecuting those individuals who are found guilty of violation of any one of the statutes.

One of the prime components of the new National Security Division at the Department of Justice is the office that handles the FISA process. And I do believe it is important to focus on the FISA process to eliminate any holdups, glitches, giving it the support

that it needs so that we have an effective, swift FISA response in that area.

So the development of the National Security Division, I believe, replicates what is being done in the FBI but does it in a way that focuses on the legal side of the house as opposed to the investigative side of the house.

Senator MIKULSKI. Well, I think that is a very important clarification, and we would like to look at it. They are talking about \$67 million to, I would hope, do more than the legal side. That is a lot of money and a lot of people to implement FISA. If FISA needs it, then, we would like to know about it, because you, Ms. Tandy, said you have got a supplemental here of \$5 million to get your agency back in this very important antiterrorism, and I think you are going to be an important linchpin; exactly what the Director said. You all are abroad. You are abroad. You are abroad, Director Truscott. You are picking up this information as much as any intel collection source.

DRUG ENFORCEMENT AGENCY ANTI-TERRORISM

Is that going to be enough money? I mean, you have got \$67 million over there at Justice to stand up a new agency. You are talking about a supplemental—I would hope that what you are talking about is more than \$5 million.

Ms. TANDY. It is, Senator. The \$5 million in the supplemental is just to get us through the rest of 2006.

Senator MIKULSKI. What is it that you need, and is it in here?

Ms. TANDY. It is in there in the 2007 budget to get us through the 2007 fiscal year. It includes analysts to establish the infrastructure at DEA in order to have the collection, the intel taskings to go out from headquarters. It expands our existing SCIF to accommodate this additional load of intel collection and taskings from the community. So between the supplemental for the rest of this year and the 2007 budget, that will get us started.

Senator MIKULSKI. Well, you know, each one of you, we could ask several more questions, and Director Mueller, we will be following up to just see how this goes as well as the Sentinel and this.

LOCAL LAW ENFORCEMENT

I am going to have one last question that really goes down the line. You have heard from our colleagues their intense feelings about the cut in the COPS and the Byrne program. We feel that in addition to the superb work that you all do, it is really the cops out there on the beat that you work with. Certainly, we saw that in the snipers. You did not federalize that. And we could go on.

My question is how would the cuts proposed by the President to State and local law enforcement grant programs do you think will affect your respective agencies? Director Clark, why do we not start with you and just go down? But please be brief. I know Senator Leahy returned, and he has got to return to the floor.

Mr. CLARK. Sure, thank you, Senator.

As you may know, we work very, very closely with our State and local partners, particularly in the area of fugitive apprehension. And we have been able to work with them and help fund, particu-

larly with the regional task force efforts, one of which covers suburban Maryland, with some of the resources they need.

Senator MIKULSKI. But how will the cuts affect your operation? How do you think the cuts in local law enforcement could impact on you? Will you have more work? Less work? Are you going to be less effective? Thank you for your work in Maryland.

Mr. CLARK. Yes, thank you, Senator, yes. I do not see it having a direct impact on our operations, and the funding that we are able to provide them with regard to violent crime initiatives I think, right now, is very adequate, as we have used it very successfully to do a lot of our fugitive roundups, particularly in this Capital region, for example. So I do not think it will have a significant impact.

Senator MIKULSKI. Thank you.

Mr. Truscott.

Mr. TRUSCOTT. Senator, like the Attorney General indicated, I have heard anecdotally from some of the State and local representatives from law enforcement that I speak to from time to time about their concerns. But I do not think that necessarily, it is going to have a negative impact on their or our ability to do our job. I think it forces us to work smarter, to leverage our resources; certainly, the DOJ component agencies that are represented here today, I think we partner and share our expertises to the best extent possible to benefit not only the Department of Justice but the American people.

So it will just force us to work a little bit harder in that regard.

Ms. TANDY. Senator, I think the area where it will be felt the most is in our mobile enforcement teams with our assistance to police chiefs and sheriffs in oftentimes remote areas.

Senator MIKULSKI. That is what we are hearing from Prince Georges, yes.

Ms. TANDY. It is about a two-thirds cut to that program. We will still have 80 agents, but it will affect the timing of our ability to respond to requests for our mobile enforcement teams, and we will probably have to move to a regional concept of our MET team deployments.

On the other hand, Senator, I think it is important to add to this that DEA shared \$176 million with our State and local partners last year. We have a very aggressive strategy, policy, and priority to go after the money and to turn that back around to State and local law enforcement as well as—

Senator MIKULSKI. That has been one of the more successful efforts then to get money out of hard work, money goes back to fight even more crime.

Ms. TANDY. We are very proud of the success we have had. When I came through the door in 2003, our receipts from seized assets were below \$500 million. As I said in my statement, we are at well over \$1 billion last year and climbing.

For our participation in the HIDTA, we lead 54 HIDTA groups with State and local law enforcement. That will not change. The work that we do in training State and local law enforcement will not change. We trained 42,000 State and local law enforcement officers last year, and we will continue to do that.

I think it really is going to be in the MET area, which is where we serve Indian country, gangs, and methamphetamine.

Mr. MUELLER. And let me reiterate what I think was said by many. We are a small agency compared to the 800,000 State and local law enforcement around the country. And in order to be successful against the threats of the future, there is no one agency that can do it alone. We have to leverage our resources both on the Federal level as well as with our partners at State and local law enforcement.

That said, the adverse impact for us may be down the road if police departments are less willing to participate in task forces because of the crunch in terms of persons. I am sympathetic and supportive to the argument of the Attorney General that we need to focus the funds for State and local law enforcement. We have not seen that diminution of interest in the joint terrorism task forces or other task forces, but that is a possible consequence.

The only other observation I would make is, as you talk to State and local law enforcement, they are concerned about the grants, but they are also concerned about the balance between funds going to first responders and funds going to law enforcement.

The argument being made that you want to prevent the attack, and it is the police officers on the street; it is those that know the community that can prevent the attack, and when you are looking at the balance between those monies going to the first responders and those going to law enforcement, the argument is made that perhaps we ought to be focusing more of those funds on law enforcement as opposed to more of the balance going to the first responders.

Senator MIKULSKI. Well, I appreciate all of those answers and your candor.

Just a word about first responders. The Federal program for first responders was created by Senator Bond and myself with many members here at this table, and it was at \$900 million. It has now been cut down to \$274 million. So it never reached over \$1 billion when Byrne grants were \$2.2 billion.

But it is not meant to be a zero sum game. Each has what they need to be needed for. But we thank you for your candor; we thank you for your dedication. We look forward to working with you.

Mr. Chairman.

Senator SHELBY. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

I would note that as I am sure we all realize, among those first responders are a lot of law enforcement, and we anticipate that in many cases, they will be. I realize Homeland Security is the first responder when we get these unexpected emergencies like the hurricane that we expected for 1 week or more, and I know that they are going to have their homes down there rebuilt any year now. So it is not a zero sum game.

COCAINE TRAFFICKING

Administrator Tandy, I find interesting the successes you have had, and all of us want you to be successful. I am just curious: has the supply of cocaine, is it any more difficult to get cocaine in the

United States than it was, say, 3 years ago? I am told by local law enforcement that it is not.

Ms. TANDY. Senator, I think that has varied over time with the increase in eradication efforts.

Senator LEAHY. Is it any more difficult, if someone is a cocaine user, if they wanted to go, say, a few hundred yards from this building or 200 yards from the State house in pick whatever State you want, would they have any more difficulty getting cocaine today than they would have 3 years ago?

Ms. TANDY. I have seen impact on the availability of cocaine. I cannot tell you that it is sustained. With our drug flow prevention strategy, which is part of our request, we saw impact there.

Senator LEAHY. I understand that, but I am told that the prices have not gone up, and the availability is about the same as it was 3 years ago. I realize it is a bit of a generalization, but would you disagree with that generalization?

Ms. TANDY. There have been some changes in areas with the price of cocaine where——

Senator LEAHY. Significant?

Ms. TANDY. It has been statistically significant. It is measurable, and that is in certain areas of the country which would follow from market changes with the eradication, with record-breaking——

Senator LEAHY. How about here in the District of Columbia?

Ms. TANDY. Excuse me?

Senator LEAHY. What about right here in Washington, the Nation's Capital?

Ms. TANDY. I do not know the answer to that. I would have to get back to you on that one.

[The information follows:]

PRICE OF COCAINE IN WASHINGTON, DC

Price

DEA data reveal that cocaine prices in Washington, DC, have remained stable over the past five years, as have cocaine availability and abuse patterns. Cocaine price data for 2005 indicate the sale price for cocaine powder (cocaine hydrochloride) ranged between \$650 and \$1,250 per ounce in the D.C. metropolitan area. Data for 2005 indicate the sale price for crack cocaine ranged between \$550 and \$1,250 per ounce in the D.C. area.

Price data was derived from undercover buys, confidential source information, and defendant information. Much of this information is anecdotal, and thus the data cannot be validated by DEA through any scientific methodology. Since DEA does not often purchase kilogram quantities, price estimates for kilograms are less accurate than estimates for smaller quantities. Furthermore, in DEA's experience price data is not a completely accurate indicator of supply and demand.

The following chart provides 2001 to 2005 cocaine prices for Washington DC, as well as the national price range for comparison.

POWDER COCAINE (COCAINE HYDROCHLORIDE)

Year	Kilogram	Ounce	Gram
WASHINGTON, DC PRICE RANGE			
2001	\$16,500–\$35,000	\$900–\$1,250	\$50–\$100
2002	\$17,500–\$35,000	\$600–\$2,000	\$30–\$80
2003	\$17,000–\$35,000	\$825–\$1,300	\$50–\$100
2004	\$24,000–\$25,000	\$900–\$1,100	\$100
2005	\$23,000–\$27,000	\$650–\$1,250	(¹)

POWDER COCAINE (COCAINE HYDROCHLORIDE)—Continued

Year	Kilogram	Ounce	Gram
NATIONAL PRICE RANGE			
2001	\$13,000–\$35,000	\$400–\$1,600	\$20–\$200
2002	\$10,000–\$35,000	\$400–\$3,500	\$24–\$150
2003	\$10,000–\$35,000	\$375–\$1,800	\$25–\$150
2004	\$10,000–\$35,000	\$350–\$1,800	\$9–\$200
2005	(²)	(²)	(²)

¹ N/A.² Pending.

Source: Quarterly Trends in the Traffic Report—DEA Washington Division.

CRACK COCAINE (COCAINE BASE)

Year	Kilogram	Ounce	Gram
WASHINGTON, DC PRICE RANGE			
2001	\$28,000–\$34,000	\$900–\$1,300	\$80–\$100
2002	\$30,000	\$900–\$1,750	\$80–\$100
2003	\$28,000–\$34,000	\$1,000–\$1,300	\$80–\$100
2004	\$28,000–\$34,000	\$1,000–\$1,200	(¹)
2005	\$28,000–\$34,000	\$550–\$1,250	(¹)
NATIONAL PRICE RANGE			
2001	\$13,000–\$50,000	\$300–\$2,800	\$10–\$200
2002	\$13,000–\$35,000	\$325–\$2,800	\$10–\$130
2003	\$7,500–\$35,000	\$325–\$2,000	\$10–\$130
2004	\$7,500–\$60,000	\$325–\$2,000	\$18–\$200
2005	(²)	(²)	(²)

¹ N/A.² Pending.

Source: Quarterly Trends in the Traffic Report—DEA Washington Division.

Availability

In determining the availability of drugs DEA looks at various indicators, such as price and purity, defendant and confidential source debriefings, and the professional judgment of colleagues in the law enforcement community. Source information, such as the source of cocaine supplied to the D.C. area, is gathered as a normal course of investigations. For example, whenever drug traffickers are arrested, they will be asked for information such as, “Who hired you to pick up, transport, deliver, and sell the drugs?”

According to the Washington, D.C. Metropolitan Police Department (MPD), cocaine availability has remained stable over the past several years. The MPD also reports that drug-related violence remains static, with the exception of homicides, which have decreased over the past four years.

Kilogram quantities of cocaine hydrochloride (HCl) continue to arrive in the Washington, DC area. Powder cocaine sold at the mid- to retail level remains widely available. The quantities of cocaine HCl available in any given area greatly depend on abuse patterns and the level of distribution at which a particular dealer conducts business. Cocaine HCl most commonly is found in gram and ounce quantities for resale in suburban and rural areas, but in larger quantities (i.e., quantities appropriate for redistribution after conversion to crack) in urban areas of the D.C. area.

Crack cocaine is available throughout the D.C. area in quantities ranging from small quantities up to one kilogram. Most of the crack cocaine distributed within the D.C. area originates as cocaine HCl and is subsequently converted to crack. Generally, significant quantities of crack cocaine are not stockpiled and are manufactured according to demand.

The main change in cocaine trafficking in the D.C. metropolitan area pertains to cocaine sources of supply. Over the past years, cocaine smuggling from the Southwest Border (especially Texas and Arizona) to the D.C. area has increased. The flow of cocaine through North Carolina has also increased. This mainly impacts southern Virginia but also affects the northern Virginia area, including Washington, DC. However, drug trafficking organizations in New York City still appear to be the principal cocaine suppliers for the Washington, DC, area.

Senator LEAHY. I think you would be shocked to hear the answer that the price, availability is roughly the same, the price is roughly the same. I believe if you took a general view of the country, you would find that the availability is roughly the same, and the price is roughly the same. Of course, there are fluctuations in everything. We are paying three times more for gasoline now than we were 5 or 6 years ago.

And now, you said 2 weeks ago you charged 50 leaders of FARC, a State Department designated foreign terrorist organization, with supplying 60 percent of the cocaine in the United States. In the last 5 years, how many FARC members that your administration has indicted have actually been extradited and brought to trial?

Ms. TANDY. There actually are two high-ranking members of the FARC that are here in the District of Columbia who are facing trial this year. One was a financial officer——

Senator LEAHY. That is two out of how many that have been indicted over the last 5 years?

Ms. TANDY. I would have to get you the actual numbers. Fifty was an extraordinary number for us. And that was——

Senator LEAHY. Would you agree that most of the kingpins that we have indicted, and I certainly would want you to indict, but most of the kingpins, we have not been able to extradite from Colombia? Would you disagree with that statement?

Ms. TANDY. Actually, I would differ with that statement. We have had tremendous success with President Uribe's administration and extraditions out of Colombia.

Senator LEAHY. Of kingpins. I am talking about Major——

Ms. TANDY. Absolutely.

Senator LEAHY. I had a discussion with President Uribe about this just 1 month ago, and I want to see if your answer in any way relates to what his is. How many of the kingpins, some of the major paramilitary, some of the others that we have indicted, how many have actually been extradited, have actually been sent to the United States?

Ms. TANDY. I would have to get you the actual numbers, but I can give you some examples that are significant. The founders of the Cali cartel who were extradited in the time that you are talking about are here on U.S. soil facing trial. We have, as I recall, about 20 percent of the most wanted drug trafficking organizations on the consolidated priority organization target list who have been extradited.

Senator LEAHY. So one out of five have been extradited to the United States. That would be a large number. Would that not be about 50, 60 people?

Ms. TANDY. The CPOT list, which is the one I just referred to, is actually one that varies over the years, but it is about 44 on the list right now, and so, 20 percent, about 80 percent of the targets, the targeted organizations have been indicted on that list, and about 20 percent of them, as I recall, I want to get you the exact figure.

[The information follows:]

INDICTMENTS AND EXTRADITIONS FROM COLOMBIA

Since 2002, 360 individuals have been extradited from Colombia to the United States. The Department of Justice Criminal Division estimates that approximately 94 percent of these extraditions have been for drug charges.

EXTRADITIONS FROM COLOMBIA TO THE UNITED STATES (AS OF JUNE 2, 2006)

Extraditions by Year	2002	2003	2004	2005	2006	Total
Total Extradited from Colombia	40	68	91	134	27	360

Because Colombians are indicted by grand juries in various federal districts and a single indictment may charge multiple individuals, DOJ does not know the exact number of Colombians indicted since 2002.

Over the past two years, several key traffickers have been extradited to the United States from Colombia, including members of the Revolutionary Armed Forces of Colombia (FARC), the Norte Valle Cartel, and the Cali Cartel. Some of these key extraditions include the following:

2006

Julio Cesar Lopez Pena

In March 2005, Julio Cesar Lopez Pena was extradited to face racketeering and drug charges. According to a May 2004 indictment, Lopez Pena operated a cocaine laboratory under the control of the Norte Valle Cartel beginning in 1998.

2005

Jairo Aparicio Lenis

In October 2005, Jairo Aparicio Lenis was extradited to the United States to face racketeering and drug charges. According to an April 2004 indictment, Aparicio Lenis was a member of the Norte Valle Cartel responsible for laundering the cartel's cocaine proceeds.

Elias Cobos Munoz

In April 2005, Consolidated Priority Organization Target (CPOT) Elias Cobos Munoz was extradited from Colombia to face cocaine conspiracy and money laundering conspiracy charges. Cobos Munoz is allegedly responsible for importing more than three metric tons of cocaine per month from Colombia into the United States since 2000, which is approximately 10 percent of the cocaine available in the United States. Cobos Munoz was extradited along with two co-defendants, Florentino Rivera-Farfan, aka "Tarzan," and Jorge Ivan Lalinde-Lalinde, aka "El Mono."

Nayibe Rojas Valderama

In March 2005, FARC Commander Nayibe Rojas Valderama, aka "Sonia," was extradited from Colombia to the United States to face drug trafficking charges in the U.S. District Court for the District of Columbia. Prior to her arrest, Rojas Valderama was allegedly the finance officer for the FARC's 14th Front. Rojas Valderama is charged in an indictment together with the leader of the 14th Front, Jose Benito Cabrera Cuevas, aka "Fabian Ramirez." Cabrera Cuevas is allegedly a member of the Central General Staff, the second highest governing body of the FARC, and he is the second-in-command of the Southern Block which is composed of 12 fronts containing approximately 600-700 FARC members. Rojas Valderama, Cabrera Cuevas, and two international drug traffickers were indicted in December 2003.

Rodriguez Orejuela Brothers

Colombian CPOT Miguel Rodriguez Orejuela was extradited from Bogotá, Colombia, to Miami, Florida, in March 2005. His brother, CPOT Gilberto Jose Rodriguez Orejuela, was extradited to the United States in December 2004. The Rodriguez Orejuela brothers were allegedly the heads of one of the largest cocaine and money laundering organizations in Colombia and were key figures in the establishment of a sophisticated cocaine trafficking consortium known as the Cali Cartel, which has operated since the 1980s. They remain two of the most significant Colombian drug traffickers extradited to the United States to date.

Senator LEAHY. So eight or nine have been extradited?

Ms. TANDY. That is my recollection, but I will confirm that. I was also told, Senator Leahy, that at 1:30 this afternoon, Mexico put on

the plane 1 of our top 25 fugitives who they have extradited to the United States.

Senator LEAHY. As you know, Colombia is one of the largest recipients of U.S. aid. Of the 50 leaders that you have charged, the most successful, of course, would be if you get all 50 up here. What if you got 40? Would that still be a success?

Ms. TANDY. That would be a tremendous success.

Senator LEAHY. What if you got 30?

Ms. TANDY. It would be a tremendous success, and I will tell you why.

Senator LEAHY. What if you got 20?

FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA—EJÉRCITO DE
PUEBLO—FARC

Ms. TANDY. The 50 members of the FARC who are indicted decimate the entire leadership of the FARC. So how ever many of those—

Senator LEAHY. Only if they are in jail. But if they go into an amnesty program and are in Colombia and are allowed to go right back out, how does that decimate the FARC? I mean, I can see it would decimate it if we bring them up here and put them in jail, but that is what I am asking: of that 50, I mean, we will probably come back to this next year, but of that 50, a year from now, how many do you expect to actually see in the United States?

Ms. TANDY. I cannot answer that, Senator. We certainly have had success with our partners in Colombia of getting two major FARC members arrested and extradited and here now facing trial. I have confidence that we will get more, but I could not possibly give you a number.

Senator LEAHY. How many would you expect at this time next year if you would consider it to be a success? And I will let you designate what a success is. Of the 50, how many would you want to see here this time next year so that you could consider it a success?

Ms. TANDY. I would like to see all 50 of them, but I would not anticipate that we will succeed in getting all 50 arrested and extradited to the United States before I see you next year. I just could not give you a number, Senator. Any one of these 50 are leaders.

Senator LEAHY. Suppose we only had three or four. Would that be a success?

Ms. TANDY. We would consider any one of these 50 leaders of the FARC being extradited to the United States a success.

Senator LEAHY. Would it be a success if a large number of them went into the amnesty program and were returned to society in Colombia?

Ms. TANDY. I know that those are issues that are principally related to the other terrorist organization, one of the other two remaining in Colombia, the United Self-Defense Force of Columbia (AUC). Those are issues that the State Department and the government of Colombia are addressing in terms of the parameters of that amnesty.

Senator LEAHY. Well, the parameters of amnesty is a nice term, but the fact is every time the Appropriations Committee tries to put any kinds of controls on our large amount of foreign aid that we actually have to get some of these people to come here and not

just be given amnesty and turned back, your administration objects to that.

And more and more of these people, the members of the drug cartels, the members of the terrorist organizations, the members involved with human rights violations, are told they can turn over some weapons and rejoin society.

So I am trying to—and it is like Hotspur in Shakespeare. You know, I can call them from the vasty depths; well, so can I; so can anybody, but will they come when you call? And it is a nice statement. It has been my experience many times with all administrations that when law enforcement officials come here for appropriations hearings there are usually indictments shortly before so they can talk about success.

I want to know how many are going to come here. Now, of 50, you indicted 50. But I wonder if only half a dozen of those 50 actually come here to face justice, because one does not see them really facing it down there.

Ms. TANDY. Senator, I can tell you that this is not an easy case to make. It is very complicated to penetrate the FARC and to identify the leaders and to amass the evidence that was put together against these 50.

The counterparts of ours in Colombia have been partners for us in this effort, and I have a great deal of confidence that if these members of the FARC can be located and arrested that we will see them here. The demobilization that you are talking about has not been extended to the FARC, to the best of my knowledge. DEA is very pleased, very proud of this effort, as we were with the return of the founding heads of the Cali cartel earlier this year, not before this hearing, as well as the other two members of the FARC who were returned and facing trial, not before this hearing.

Senator LEAHY. Well, will you have your staff keep me informed of when they do come here?

Ms. TANDY. Yes.

Senator LEAHY. I have been supportive of President Uribe. I think he has tried very hard. I have a great deal of admiration for him. He and I meet several times a year. But I do worry that sometimes, the claims we make are not borne out by the facts, and certainly, when I watch what is happening with cocaine and meth and all, prices do not go up. Availability does not go down, which would be the best example that this effort is paying off with the billions upon billions of dollars we are spending down there.

Director Mueller, you and I have discussed the case management system. You have expressed your concern to me that you feel I have been critical when I should not be. I get critical of anybody spending the taxpayers dollars if I do not see the results I think I would like to see. I have been just as critical of a Democratic administration as a Republican administration.

VIRTUAL CASE FILE COST

You scrap the Virtual Case File. It is not just the money that was lost, and I realize you recaptured some of it, but it was the time that was lost. I still think back, and this was not your fault; this came from your predecessors, but I remember being down there right after 9/11, and people figured out how they could fly

pictures of the hijackers around the country, and everybody is writing down information on pieces of paper, putting them in one file, which is written down by somebody else and put in another file, and kids in my neighborhood would just e-mail those pictures back and forth to each other.

SENTINEL COST

Now, we understand your estimate is that Trilogy's successor Sentinel is going to cost the American taxpayers \$425 million to complete. It will not be ready until the end of this decade. You set aside \$97 million for it this year. You are asking for another \$100 million for fiscal year 2007. Are you confident about the final cost estimate of this program?

Mr. MUELLER. Yes, Senator; let me say at the outset that nobody is as harshly critical as I am of the mistakes that were made in the past. My concern is that we do not focus on the successes of Trilogy in terms of the networks and the modern computers that were put on the desks.

Great work has been done since September 11 in putting together the investigative data warehouse, where you have in excess of 250 million documents searchable by the latest tools. Also, my concern exists because we all want to make this work in Sentinel and we will need to have an open mind toward what we have undertaken to assure not only the success of this but visibility into what we are doing every step of the way.

And when it comes, then, to your question with regard to the cost, the cost is \$425 million.

Senator LEAHY. Is that the FBI's estimate, or is that Lockheed Martin's estimate?

Mr. MUELLER. No, it is not. It is our estimate. But the contract with Lockheed Martin is \$305 million. Of that, \$232 million is the development contract, which if you ask, if you add the \$50 million to \$170 million, it is comparable to what we were going to spend on Virtual Case File.

The other monies go to exactly what the GAO, the Inspector General, and Congress wants us to do. Preaward was \$4 million. Program management operations, the program management that we have to put into place to make this successful is almost \$75 million. The independent validation and verification is \$6 million.

Senator LEAHY. Who does that?

Mr. MUELLER. Risk management.

Senator LEAHY. Who does that?

Mr. MUELLER. Those are independent contractors who are doing that aspect of it. That is not Lockheed Martin. We have an independent contractor.

Senator LEAHY. Do you know off hand who that is?

Mr. MUELLER. I do not know off hand.

Senator LEAHY. Could somebody give me that?

Mr. MUELLER. Assuredly.

Senator LEAHY. Thank you.

[The information follows:]

INDEPENDENT VERIFICATION AND VALIDATION OF SENTINEL'S IMPLEMENTATION

The FBI is establishing a multi-award Independent Verification & Validation (IV&V) contract. At the Department of Justice's (DOJ) request, this contract will be made available DOJ-wide. The FBI's Financial Division is currently managing the preacquisition effort and eventual contract award.

Until this DOJ-wide contract award is in place, the Office of Information Technology Program Management's (OIPM) Program Oversight Unit will provide interim IV&V services.

Mr. MUELLER. And so, the package will cost down the road \$425 million, but the pieces of it are that which we have put into place to make certain that it will be successful down the road.

Senator LEAHY. So will there be additional funding or reprogrammed funds that the FBI will need to complete it?

Mr. MUELLER. Yes, down the road, 2008–2009.

Senator LEAHY. If a reprogramming is required, do you have any idea which programs you would shift funds out of?

Mr. MUELLER. No, and my problem last year is that you had asked what is the cost of the Sentinel going to be? I could not tell you until we had the contract, until we had the bids in and identified the ultimate cost for that bid. Now that we have the bids in, now that we have the monies, we put aside \$97 million for this year that we had to reprogram. We are asking for \$100 million next year, and we will be asking in 2008 for those sums we need to complete this package.

Now, the other point I make as well is that we are now part of the intelligence community. We are not just law enforcement; we are part of the intelligence community. That which we are putting together, whether it be Sentinel or any number of our other programs that are meant to develop the domestic intelligence capacity of the Bureau should be treated as part of the intelligence community and perhaps looked to for dollars in terms of supporting our intelligence side of the house.

And so, we will be looking for additional funds for Sentinel down the road, but we will also be asking for the Congress and others to look at us as not just a law enforcement entity but also as an intelligence entity.

CHOICEPOINT

Senator LEAHY. There has been a great deal of criticism up here by both Republicans and Democrats in both bodies about ChoicePoint, and you have entered into a multimillion dollar contract with them to handle sensitive investigative data about criminal enterprise systems. Did you or anyone in the FBI have any discussion with any of the Members of Congress who had been raising these concerns, the various chairmen and others, about ChoicePoint before entering into that contract?

Mr. MUELLER. I do not believe so, but let me, if I could, clarify exactly what we have from ChoicePoint.

At the outset, let me say that I share your concerns about any breaches of privacy by ChoicePoint. As you point out in your recent press release, ChoicePoint has been fined by the FTC. I have no doubt that the fine was appropriate, that to the extent that ChoicePoint—

Senator LEAHY. Trust me, they would have fought it like hell if they thought it was too much.

Mr. MUELLER. All I have to say is that to the extent that ChoicePoint is liable for those fines or breaches privacy, then, they should be treated like any other corporation.

What we have bought from ChoicePoint is a software package that will help our analysts do their jobs. It is a software package that has been used not by us but by other organizations. It is not a data package. It is a software package. It helps our analysts do the job. We would be remiss if we did not look at this software package, evaluate it along with other software packages and use it if it was the best software package——

Senator LEAHY. Who services that?

Mr. MUELLER. I will have to get back to you on that.

[The information follows:]

PURCHASE OF SOFTWARE PACKAGE FROM CHOICEPOINT

The FBI awarded a 5-year, fixed-price contract with i2, Inc., a subsidiary of ChoicePoint, on 12/1/05. The contract is serviced by ChoicePoint.

Senator LEAHY. Would it be ChoicePoint?

Mr. MUELLER. I do not know. I would have to get back to you on that. But let me give you another aspect——

Senator LEAHY. You understand the reason I am asking that question.

Mr. MUELLER. I do not know, and I will have to get back to you on that.

But let me also indicate that we do seek data from ChoicePoint because ChoicePoint has public source data that it accumulates, and it is one of those entities that we would be remiss if we did not use that capability in certain circumstances to identify persons whom we need to locate within the United States.

Go back to the 9/11 Commission report. I have this vague memory of it. Midhar and Alhamzi were in the United States, and if I am not mistaken, when the 9/11 Commission said we should have been on them and utilized tools such as ChoicePoint to identify those persons in the United States before they undertake this attack. So to the extent that we use ChoicePoint or other data accumulation companies, we would again, I would say, be remiss if we did not utilize those tools when they are accumulating public source data, not private data.

Senator LEAHY. Mr. Chairman, both the Administrator and the Director are going to get back to me on a number of things, and I will have, if you do not mind, I will have follow up questions for them once I have heard their answers.

Senator SHELBY. We will leave the record open.

I think what the Director is saying, and I believe he is right on this, ChoicePoint did have a big breach, but they are also known for doing some good things in some certain areas. Is that not what you are basically saying?

Mr. MUELLER. They along with other companies——

Senator SHELBY. Right, absolutely.

Mr. MUELLER [continuing]. Have consolidated open source data——

Senator SHELBY. Absolutely.

Mr. MUELLER [continuing]. That gives us an easy way to obtain information that comes from open sources relative to particular investigative leads that we have.

ADDITIONAL COMMITTEE QUESTIONS

Senator SHELBY. We appreciate your cooperation from the subcommittee today. I know it has been a long afternoon, but we will have some other Senators, Senator Leahy and others, who will be asking questions for the record, and we hope you could respond to them by May 5.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO ALBERTO R. GONZALES

QUESTION SUBMITTED BY SENATOR RICHARD C. SHELBY

NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

Question. We know that by congressional direction the Justice Department has funded the NMVTIS (National Motor Vehicle Title Information System) program in the past but the funding stream stopped in 2004 leaving the majority of states unconnected to a system which could dramatically assist law enforcement in their efforts to track stolen vehicles. This is a mission which again is gaining attention as stolen U.S. cars have surfaced in terrorist bombings in Iraq, a particular concern when it comes to protecting our troops in the Green Zone.

NMVTIS could also be helpful in tracking more than a half million vehicles, including school buses, flooded or damaged by hurricanes Katrina and Rita. Some of these have been driven to other states, re-titled as "clean vehicles" and sold to unsuspecting customers.

Has the Justice Department given any thought or consideration to reviving the NMVTIS program in order to connect all the states, so we have a better way to stop these vehicles from falling into the wrong hands?

Answer. The Department of Justice (DOJ) shares your concern regarding the continuing problem of auto theft. This past March, the Department's Bureau of Justice Assistance (BJA) convened a focus group to discuss this issue. The group, which was comprised of representatives from federal, State, and local law enforcement, insurance corporations, and NMVTIS staff, agreed that the NMVTIS program is an important asset in reducing auto theft.

While the Attorney General delegated responsibility to the Federal Bureau of Investigation (FBI) to oversee the implementation of the NMVTIS system, BJA has provided over \$12 million in funding for NMVTIS since fiscal year 1997. BJA has been working closely with anti-fraud components within DOJ and with the FBI to assess the status and need for NMVTIS. Additionally, BJA engaged the Integrated Justice Systems Institute (IJIS) to assess NMVTIS' current technological architecture and has discussed with States how the system could be improved to encourage greater participation. These discussions and reviews are now complete and BJA will be working closely with the American Association of Motor Vehicle Administration, the FBI, and other law enforcement entities to make any necessary changes to the system, to improve the administration of the overall title information sharing effort, and to increase State and local law enforcement participation. A key aspect of any new approach will be to implement the "self-sustaining" aspect of the original authorizing legislation, which called for the States to support the system through user fees.

BJA will also continue to address the costly problem of auto theft through various other efforts. This month, the FBI and BJA are convening a meeting of southwestern federal, State, and local law enforcement agencies to discuss the problem of vehicles being stolen in the United States and taken to Mexico. Intelligence and recent arrests indicate that Mexico is a prime location for cloning (replacing vehicle identification numbers of stolen vehicles with those of legal vehicles for resale), chopping (vehicles dismantled for parts), and foreign order fulfillment. We anticipate that this meeting will foster closer working relationships among agencies working the Mexico border and identify areas where the Department can provide assistance.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

JUDICIARY NEEDS ON INTERNATIONAL BORDERS

Question. Federal Judges serving in districts located on the southern international border have caseloads with an increasing number of immigration related matters. According to the Administrative Office of the Courts, for fiscal year 2004 my home state of New Mexico had 1,502 immigration filings and 2,497 total criminal filings. Compare that to a northern border district—the Western District of Washington had 78 immigration filings and 539 total criminal filings.

As we continue to work to secure our nation, we must be sure that we adequately equip all of the agencies involved in this fight, including the federal courts that must prosecute immigration related charges. I fear that we are not focusing on agencies outside of the Department of Homeland Security and their need for funding, as I have heard from New Mexico judges that their resources are insufficient to meet their increasing immigration-related caseloads.

Additionally, I am afraid our Southwest border district courts will be unable to handle the increased immigration caseload that is sure to result from increased enforcement efforts without new judges.

Can you speak to the crisis southwest border courts like Arizona and New Mexico face?

Answer. The five judicial districts that comprise the Southwest border make up a significant percentage of the total workload for Department of Justice components such as the U.S. Marshals Service (USMS) and the U.S. Attorneys' Offices (USAOs). In the USAOs, 68 percent of all immigration cases occur on the Southwest border—12,318 immigration cases were filed in the Southwest border districts out of a total of 18,147 immigration cases filed nationwide in 2005.

In fiscal year 2005, 31 percent of all prisoner productions (transporting a prisoner to a judicial proceeding) by the USMS were in the five Southwest border districts; there are 94 districts nationwide. Ten percent of all USMS prisoner productions were in Arizona and New Mexico in fiscal year 2005. In addition to court proceedings, the Southwest border districts have an enormous warrant workload. In fiscal year 2005, 21 percent of all Class I fugitive warrants (federal felony warrants and DEA warrants) were issued by federal judges working in Southwest border districts. Six percent of all Class I fugitive warrants were issued by federal judges in Arizona and New Mexico in fiscal year 2005.

Question. What resources are being marshaled by the Department of Justice to assist federal courts faced with increasing caseloads due to our successful efforts to secure our country?

Answer. Judicial security is one area where the Department of Justice can directly assist federal courts. The USMS strives to place its personnel in those districts with the greatest amount of workload. In fiscal year 2005, the USMS received 94 new Deputy U.S. Marshals for judicial security work in the districts. Of this amount, 34 percent (or 32 Deputy U.S. Marshals) were allocated to the five Southwest border districts. The Department of Justice is providing significant resources, in the form of judicial security, to assist federal courts along the Southwest border. The Department has approved significant resource allocations to the United States Attorneys Offices along the Southwest border in recognition of increasing workload demands in a number of areas, most notably antiterrorism (border security), immigration and narcotics enforcement.

Question. What other needs does the Department of Justice have on our international borders—is there a need for more Assistant U.S. Attorneys, Deputy U.S. Marshals, and/or Bureau of Prisons personnel?

Answer. The 2007 President's Budget for the Department of Justice requests resources to fund additional Assistant U.S. Attorneys (AUSAs) and Deputy U.S. Marshals:

[Dollars in thousands]

Requested Fiscal Year 2007 Program Increases	Positions	FTE	Amount
U.S. Attorneys	149	75	\$23,205
U.S. Marshals Service	66	33	13,619

In addition, the budget request for the USAOs and USMS include \$58.6 million and \$57.7 million respectively for adjustments-to-base increases to cover rising pay, benefits and overhead costs. These additional resources, if fully funded, will be allocated based on Departmental priorities, and the latest workload and budgetary data available at the time of enactment.

By way of background, the USAOs in the five districts along the Southwest Border are at the forefront of the Department's efforts to stem the tide of illegal immigration and drug trafficking. Between fiscal year 1998 and fiscal year 2005, a total of 97 new Assistant United States Attorneys positions were allocated to the five Southwest Border districts. These additional resources have helped to play a part in increasing the number of criminal immigration cases filed in the five Southwest Border districts by over 55 percent between fiscal year 2000 and fiscal year 2005—from 7,942 to 12,318 cases filed.

Question. Besides creating new district judgeships for border courts and providing more funding for these courts, what else can Congress do to assist the federal border courts that are in a situation the Judicial Conference has called a crisis?

Answer. From time to time, the Department of Justice submits legislative proposals to the Congress that address a wide range of legal issues including those affecting the courts. Those proposals are the most effective avenue for responding to such a question. However, it is clear that as the judicial staffing and workload of the courts expand, the space, personnel and funding resources needed for Department of Justice components such as the USMS, USAOs and Bureau of Prisons also expands.

MENTAL HEALTH COURT NEEDS

Question. The Department of Justice has estimated that 16 percent of all inmates in local and State jails suffer from a mental illness, and the American Jail Association estimates that as many as 700,000 persons suffering from a mental illness are jailed each year. In New Mexico, we know the impact that such persons can have; on August 18, 2005, a diagnosed schizophrenic shot five people to death in the space of 16 hours, including the two police officers who were sent to pick him up for a mental evaluation.

In response to cases like this, America's Law Enforcement and Mental Health Project Act created Mental Health Courts with separate dockets to handle cases involving individuals with mental illnesses. Bernalillo County's Mental Health Court in New Mexico was created in 2003 and ninety-two percent of its graduates are not arrested again. The \$500,000 Congress provided for this court in fiscal year 2006 is expected to double the number of people the Bernalillo County Mental Health Court serves over the next two years.

With success rates like this for such small sums of money, I believe this is an innovative approach to address the needs of those individuals suffering from mental illnesses that come into contact with the judicial system.

How much does the Department of Justice propose spending on mental health courts in fiscal year 2007?

Answer. There is not a dedicated funding line for Mental Health Courts in the fiscal year 2007 budget. The Office of Justice Programs (OJP) is working with federal partners, including the National Institute of Corrections, to develop a coordinated strategy for the \$5 million appropriated in fiscal year 2006 for the Mentally Ill Offender Act.

Question. Do you have any suggestions on how we might otherwise help individuals who are charged with a non-violent crime and who suffer from a mental illness?

Answer. Partnerships with criminal and juvenile justice agencies provide mental health agencies unique opportunities for early identification, diversion from prosecution to treatment, enhanced supervision and case management. Recent innovations in collaborative approaches, the use of assessment tools, targeted approaches, and appropriate interventions have shown promise in the areas of law enforcement, courts, and corrections. Mental health courts, an example of this innovative and collaborative approach, provide the voluntary opportunity for non-violent offenders to participate in court-supervised, community-based treatment. As in Bernalillo County, these efforts include continued judicial supervision and the coordinated delivery of health and social support services. Initial evaluations of mental health courts have shown that they result in fewer jail bookings and jail time, a greater number of treatment episodes, an increase in the frequency and volume of treatment services, and a reduction in drug use and psychological distress in participants, as compared to traditional misdemeanor defendants.

During the last few years, OJP has been engaged in collaboration with other federal agencies to coordinate activities related to offenders with mental health issues. Many activities have been consistent with the recommendations of the President's New Freedom Commission and have also been formed in relation to the recommendations developed in OJP's Bureau of Justice Assistance's (BJA) Mental Health Consensus Project. Current areas of collaboration include coordination of

Substance Abuse and Mental Health Services Administration's Targeted Jail Diversion program and BJA's Mental Health Courts Program. In fiscal year 2005, OJP expanded efforts into training law enforcement to assess and build partnerships in mental health.

In fiscal year 2006, BJA received a \$5 million appropriation to begin implementing the Mentally Ill Offender Treatment and Crime Reduction Act (Public Law 108-414). This funding supports critical efforts to build State, local and tribal capacity to better understand and address individuals with mental illness, who also often face substance abuse and other public health issues. This program is designed to increase public safety through innovative cross-system collaboration for individuals with mental illness who come into contact with the criminal and juvenile justice systems. It will encourage early intervention for system-involved individuals with mental illness; provide new and existing mental health courts with various treatment options; maximize diversion opportunities for non-violent offenders with mental illness and co-occurring disorders; promote training for justice and treatment professionals on court processes and mental health and substance abuse issues; and facilitate communication, collaboration, and the delivery of support services among justice professionals, treatment and related service providers, and governmental partners. These efforts will help individuals who are charged with a non-violent crime and who suffer from a mental illness.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

INTERGOVERNMENTAL AGREEMENTS

Question. It is my understanding that some of the local West Texas communities, who stand to lose their contracts under the CAR 6 Project, issued long term municipal bonds to pay for expansion of their jails when the DOJ's sought additional bed-space years ago. It is also my understanding that Texas law required these local communities and then Texas Attorney General—my Senate colleague Senator John Cornyn—to first perform a “due diligence” review of the need for the issuance of these bonds. Did the DOJ assure these local communities that the Federal government's need was long term?

Answer. Each Intergovernmental Agreement (IGA) is for three years only. There has been no contractual commitment by the Bureau of Prisons (BOP) beyond the IGA terms.

Question. Further, it is my understanding that this Subcommittee, the CJS Appropriations Subcommittee, directed the Government Accountability Office (GAO) in the fiscal year 2006 CJS Appropriations Report to conduct a cost benefit study of agreements with local governments to house federal inmates. Has that study been completed? If not, why is it not more prudent to renew the agreements with these West Texas communities pending the results of the GAO cost study? Furthermore, the 2006 Appropriations Conference Report encouraged the Bureau of Prisons to expand the use of Intergovernmental Agreements. Why is DOJ moving to eliminate these large Intergovernmental Agreements in Texas, contrary to the directives of Congress and the President?

Answer. The GAO study has not begun. All four agreements expire in early 2007 (January-April), and provide the opportunity to conduct a full and open competition for contracts in order to provide for the best value for the BOP and taxpayers. The BOP uses IGAs when appropriate and when the need exists. As of April 2006, BOP has 68 IGAs with State, county, and local governments throughout the country to provide about 800 beds. The fiscal year 2006 Conference Report also states: “The BOP is encouraged to solicit proposals in a manner that allows for an optimal level of competition so that BOP's [bedspace] requirements can be met and the best value achieved.”

The four agreements with the Texas local governments differ from other IGAs in that they are for the entire facility and are all managed by private companies; in one case the private company owns the prison facility. The private contractors hire and fire staff and are responsible for the daily operations of the prison. Each local government is like a “silent partner” generally removed from the daily operations at the facilities.

Question. It is also my understanding that the CAR 6 Project will not result in any new bed-space for the DOJ, is this correct? As a follow up, if the CAR 6 Project will not result in new bed-space, why is the CAR 6 Project a prudent use of federal tax dollars?

Answer. The CAR 6 Project will not result in any new BOP bed-space. However, by conducting a full and open competition, the BOP requirements can be met and

the best value achieved including price and quality of service. In addition, the contracts will be for up to ten years which allows the BOP to “lock-in” pricing for the next ten years, thus assisting with budget projections and avoiding renegotiation of terms every three years. Full and open competition provides for a competitive market that assists in controlling prices.

Question. Finally, has DOJ considered the long-term impact of the CAR 6 Project? Other agencies in your Department, including the U.S. Marshals Service, as well as the Department of Homeland Security utilize local governments agreements for correctional or detention purposes. If the CAR 6 Project causes these local Texas communities to go bankrupt or suffer significant financial hardship, I imagine other local governments will avoid partnering with the Federal Government, for fear of suffering the same fate as these West Texas local governments.

Answer. Yes, the DOJ has considered the long-term impact of CAR 6 and its benefits to both the Bureau and the taxpayers. All current providers under the Texas IGAs have the opportunity and have been encouraged to submit competitive proposals under the CAR 6 solicitation. The BOP will consider multiple awards under the CAR 6 solicitation. The BOP has an outstanding relationship with state and local governments throughout the United States using their available bed space for short-term needs, and we plan to maintain that working relationship.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

COMPETITION AND INTERNATIONAL TRADE

Question. There is a great deal of concern across the country that some of our trading partners don't always play fair, and that the U.S. Government needs to do more to protect the interests of U.S. businesses and workers. One issue that is of growing concern is the prospect of foreign countries using their competition laws to advance industrial policy goals in ways that prevent U.S. companies from competing fairly, or penalizing U.S. firms for conduct that is entirely legal under U.S. law. This problem is only going to grow as countries such as China ramp up their antitrust enforcement while looking for new ways to insulate local industries from U.S. competition.

I know the United States has antitrust cooperation agreements with a few of our trading partners, but problems persist, and I don't see things getting any better without a more active role by your Department. Is the Antitrust Division prepared to step up its efforts to dissuade foreign governments from pursuing competition policies or imposing penalties that create barriers to trade? Do you agree that the time has come for the Administration to establish a standing interagency committee to address these problems as they arise?

Answer. The Department, through its Antitrust Division, advocates around the world for antitrust enforcement based on rigorous legal and economic analysis, with the goal of promoting consumer welfare by preserving competition. We oppose any agency misusing antitrust to defend a country's own home companies or exclude competitors from other nations. The Division aggressively pursues international coordination and cooperation and substantive and procedural convergence around these principles, and these efforts will continue to be an important priority. The Division is working in international fora, including the International Competition Network and the Organization for Economic Cooperation and Development, as well as on a bilateral level with many foreign antitrust authorities, including the European Commission, both generally and on specific matters.

The Department also takes an active role in negotiating free trade agreements. Beginning with NAFTA in 1994, the United States has negotiated provisions relating to antitrust enforcement and to conduct of official monopolies and state enterprises in a number of free trade agreements—including those with Chile, Singapore, and Australia—where we have taken the lead role in negotiating such provisions. These provisions help to ensure that the opportunities created by trade liberalization are supported by competitive domestic markets. The Department of Justice works with other parts of the Administration, including the United States Trade Representative (USTR) and the Departments of State and Commerce, on these agreements and other competition issues as appropriate, and at this stage I believe that it is the most effective way to handle these competition issues.

Question. I am aware that the Department of Justice has competition comity agreements with several of our trading partners, including the EU. Nonetheless, it remains the case that EU authorities sometimes reach results or impose penalties that conflict with our own—the proposed GE/Honeywell merger and the Microsoft case are two recent examples. Beyond the immediate impact on U.S. companies op-

erating in Europe, I worry that competition authorities in other countries, such as China, will view this divergence as a justification to pursue even more radical measures against U.S. multinationals, particularly if they can give a helping hand to their own industries by doing so.

Can you assure this Committee that the Department will put more effort into promoting U.S. antitrust policies around the globe and avoiding situations where U.S. companies are subject to one set of rules or remedies here, and an entirely different set elsewhere? Is the Department prepared to engage more energetically with the European Commission to resolve ongoing disputes and divergence in this area?

Answer. With the globalization of markets, it is increasingly important that antitrust enforcers around the world base their enforcement decisions on sound legal and economic analysis. Antitrust laws should protect competition, not competitors. Antitrust laws should not be used to defend a country's own home companies or to try to exclude competitors from other nations. We are working with many foreign antitrust agencies in a variety of contexts, including the International Competition Network and the Organization for Economic Cooperation and Development, to achieve international consensus on sound antitrust enforcement. Those efforts are important, and we will continue to devote significant resources to those efforts.

The Department also works closely with foreign antitrust agencies, particularly the European Commission, in order to achieve the greatest possible coordination with them on particular matters. Divergent outcomes can sometimes occur due to different legal regimes or different factual circumstances in different countries. When divergent outcomes do occur, we work with our foreign counterparts to minimize that divergence and to lessen the possibility of divergence in the future. The Department will continue to place a high priority on pursuing greater coordination and substantive and procedural convergence on antitrust issues with foreign antitrust agencies, at both the staff and policy levels, to limit the risk of significantly divergent outcomes in particular cases.

Much of the work of minimizing duplication and divergence will continue to be done bilaterally, often on a case-specific basis. Cases like GE/Honeywell and Microsoft, though rare, understandably attract public attention and concern. But in most instances, we are succeeding in working very well with dozens of antitrust agencies around the world on particular merger and cartel matters with the goal of getting sound and consistent results. In the particular case of the European Commission, close collaboration has enabled us to achieve consistent results in several recent matters on both the determination of a violation and, where necessary, the remedy.

In fact, there has been considerable convergence in recent years in both civil and criminal antitrust enforcement around the globe. Many jurisdictions are now making increasing efforts to combat cartels, which the U.S. Supreme Court has called "the supreme evil of antitrust." Many jurisdictions have revised their merger process and enforcement policies, reducing complexity and business costs and bringing them into closer harmony with the U.S. merger review practices. These are good starts, but this is an ongoing effort, and it will remain a high priority for the Department.

Question. U.S. antitrust policy is one of the principal tools used to promote free and open markets. Antitrust law should play the same role internationally by opening markets and removing barriers to trade. In nations where free market principles are not as fully developed as in the United States, however, competition law can play a more equivocal role—sometimes opening markets, but sometimes protecting local firms from U.S. competition. I understand that U.S. industry has raised precisely this concern with respect to Korea, where the competition authority has been aggressive in pursuing leading U.S. firms, even while local Korean conglomerates, or chaebol, continue to restrict competition in certain markets. Similar concerns have been voiced with respect to China, which is well on its way to adopting an anti-monopoly law that many fear will be used as a weapon against U.S. exports, technology, and investment.

American companies and workers need the Department of Justice's help to prevent our trading partners from using competition law as a trade tool. Is the Department prepared to become more active in advancing U.S. interests in this area? Will the Department support adopting stronger competition commitments in U.S. free trade agreements?

Answer. Antitrust laws should promote competition; they should not be used to defend a country's own home companies, or to try to exclude competitors from other nations. That is why it is critical that we work to ensure that other enforcers around the world rely on sound economics as the basis for antitrust enforcement. This is a priority in building our relationship with the South Korean antitrust agency, as in all our international competition policy efforts. It is important that burdens and inefficiencies that divergences in competition policy and antitrust enforcement create for United States companies operating in international markets be as low as

possible, and the Department is working hard to achieve that end. Coordination and substantive and procedural convergence on antitrust must continue to be a high priority for the Department. The Department has been working with many foreign antitrust agencies in a variety of contexts, including the International Competition Network, the Organization for Economic Cooperation and Development, and bilaterally, both generally and on particular matters.

The Department also supports strong competition commitments in free trade agreements. The United States has negotiated provisions relating to antitrust enforcement and to conduct of official monopolies and state enterprises in a number of free trade agreements, including those with Chile, Singapore, and Australia. These provisions help to ensure that the opportunities created by trade liberalization are supported by competitive domestic markets in foreign countries. The Department of Justice works cooperatively with other parts of the Administration, including the United States Trade Representative (USTR), the Department of State, and the Department of Commerce, on these agreements.

OFFICE OF THE INSPECTOR GENERAL COPS METHAMPHETAMINE INITIATIVE AUDIT

Question. In March 2006, the Department of Justice (DOJ) Office of the Inspector General (OIG) released its final audit report on the Community Oriented Policing Services (COPS) Methamphetamine (Meth) Initiative grant program. One of the targets of the audit was the Vermont State Police and the Vermont Drug Task Force. I am deeply concerned that DOJ is now attempting to contest how the Task Force used funds from the grants.

The COPS Office has consistently approved the Vermont State Police grant applications to the COPS Methamphetamine Initiative grant program each year since 2001 with explicit knowledge that the money would be used primarily for fighting heroin abuse. I therefore object to DOJ now contesting how the funds were used and requesting that the contested sum be returned. The loss of \$1.2 million would have a devastating effect on a small state such as Vermont and undo the progress and successes that have been accomplished in the last five years.

I request that the Department of Justice stand behind its grant decisions and allow funds that have been used in the way the COPS Office approved them to be used to remain in the state. I further request your cooperation in resolving this situation.

What are your suggestions for reaching a satisfactory solution?

Answer. The COPS Office has been working closely with the Vermont State Police to obtain additional documentation surrounding the contested costs. The Vermont State Police have not been asked to return any grant funding, and COPS currently has no intention of making such a request. The COPS Office will continue to work with the Vermont State Police to close all audit recommendations as quickly as possible and work to ensure that expenditures made by the agency have been consistent with guidance issued by the COPS Office. If any expenditures are ultimately determined to be unallowable, whenever possible the COPS Office remedies such situations by allowing the grantee to use the funds in a manner which furthers the purposes of the grant, rather than through repayment of grant funds.

Question. What steps will you take to work with the Vermont State Police and my office in achieving this goal?

Answer. The Vermont State Police is currently in the process of compiling information requested by the COPS Office to demonstrate the expenditures under their grants. Once documentation has been submitted, the COPS Office will work closely with the agency to remedy the current situation, and will always remain available to address any questions or concerns regarding this audit. The COPS Office will be sure to inform your office of any significant developments that may arise during the process.

JUSTICE FOR ALL ACT

Question. In the fiscal year 2006 CJS Appropriations conference report, Congress appropriated \$1 million for improving the quality of representation in state capital cases authorized under the Innocence Protection Act (IPA), which was including as Title IV of the Justice for All Act, Public Law 108-405. The final authorizing language for the IPA reflects nearly five years of work—there were multiple hearings in both Houses, we studied the problem, we considered the alternatives, we agreed on a result. The program is aimed at helping states establish effective systems for appointing counsel in death penalty cases, and incorporates essential elements of the ABA's guidelines.

What has the Justice Department done to date to administer this program, as authorized?

Answer. In fiscal year 2006, Congress appropriated \$1 million for capital litigation-related programs. Given this level of funding, it was not possible for OJP to enact the full range of activities outlined in the Innocence Protection Act (which provides authorization for up to \$75 million to carry out the programs outlined in these sections).

The Office of Justice Programs' Bureau of Justice Assistance (BJA), which administers the Capital Litigation Improvement Program, convened a multi-disciplinary focus group of national, state, and local practitioners in early 2005 to develop a program plan for more effective systems for death penalty cases. This group identified a substantial need for sound curriculums, training, and technical assistance as an important priority for any effort to improve capital case litigation at the State and local level.

Based on these findings, BJA determined that the most effective way to advance the goals underlying the Innocence Protection Act in regard to capital case litigation was to focus the limited resources available on the development of model training programs for capital case prosecutors, defense counsel and judges. Accordingly, awards were made to three organizations—the National District Attorneys Association (NDAA), National Judicial College (NJC), and National Legal Aid and Defenders Association (NLADA)—to develop appropriate training programs for prosecutors, judges and defense attorneys (respectively).

Program deliverables completed include: (1) the development and implementation of curriculums at the State level, one for each of the three disciplines (prosecution, judiciary and defense); (2) sub-grants for curriculum delivery; and (3) technical assistance at the national level for death penalty inquiries from the states. The curricula—adaptable to incorporation of state statutes and death penalty constitutional law—focus on investigation techniques; pretrial and trial procedures, including the use of expert testimony and forensic science evidence; advocacy in capital cases; and capital case sentencing-phase procedures.

During fiscal year 2006, the NDAA has provided training to approximately 125 prosecutors in Arkansas, Florida and Georgia; an upcoming training for 30 prosecutors will be held in Nevada. The NJC has trained approximately 150 judges in Arkansas, Virginia, North Carolina, Texas and Pennsylvania. The NLADA has sponsored training events in California, Texas, South Carolina, and Illinois which have reached approximately 140 defense attorneys. NDAA, NJC, and NACDL will continue to support the delivery of additional state trainings in fiscal year 2006. The program will also help maintain clearinghouses and websites offering capital case litigation materials.

Question. If the Justice Department has not yet acted to administer this program, then what is the delay? Is the Department trying to reinvent the wheel with a new training program rather than following through on the bipartisan program that Congress worked out and President Bush signed into law?

Answer. Implementation of the full capital litigation improvement program outlined in the Innocence Protection Act (IPA) is not possible without a significant increase in funding or the diversion of significant resources from other high-priority OJP programs through reprogramming. With only \$1 million available, BJA determined that development of model training programs was the most realistic and practical option for advancing the goals of the IPA.

Question. Secondly, on several occasions when you have testified before both this subcommittee and the Judiciary Committee, you assured me that you would work to ensure the successful implementation of the Justice For All Act. However, in the President's budget request for fiscal year 2006 and again for fiscal year 2007 the President has proposed funding a capital litigation program vastly different than that authorized by law.

So once again I must ask the following: Will you pledge to work with me and the Appropriations Committees to ensure not only adequate funding but also the successful implementation of the Innocence Protection Act, as authorized by the Justice For All Act?

Answer. The President and the Department share the goal of behind the Justice For All Act of ensuring that the best possible lawyers are available to litigate capital cases, but we believe the President's training initiative is more cost-effective, better at building capacity, and far less expensive than the authorized program. Under the authorized program, before any training could take place, States would have to qualify for the program, and to do so most would have to enact changes to their laws, delaying the onset of training. In addition, because of the burdens imposed by the law on States in order for them to receive the funds, we do not believe many States would opt to seek the funds, especially given the relatively modest sums that would be available to each participating State. While the sums available to each State would be relatively modest, the overall authorize level of funding under the

Justice For All Act is beyond the Department's budgetary capacity at this time. Therefore, the Department will continue to seek to implement the capital-counsel training program announced by the President.

Question. A report issued by the Government Accountability Office on April 4, 2006, found that the Justice Department, which uses private information services for law enforcement, counterterrorism and other investigations, often does not follow federal rules to protect Americans' privacy. According to the report, the Justice Department, and three other federal agencies examined by the GAO spent about \$30 million last year on companies—such as Choicepoint—that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers, and much more.

Do you agree with the GAO's findings in this report?

Answer. The Department of Justice (DOJ) recognizes the important issues presented by the Government Accountability Office (GAO) report and agrees that additional measures could be taken regarding its use, in the form of revised or additional guidance and policy. However, the DOJ already places great importance on compliance with existing federal rules aimed at protecting Americans' privacy, namely the Privacy Act of 1974 (5 U.S.C. § 552a).

When Congress enacted the Privacy Act, it recognized the fact that government operations are widely varied (including such activities as law enforcement and intelligence). Therefore, the Privacy Act incorporated some, but not all, of the Fair Information Practices by allowing agencies to exempt themselves from certain requirements of the Privacy Act. (The Fair Information Practices were first proposed in 1973 by a U.S. government advisory committee and were widely accepted as including collection limitation, data quality, purpose specification, use limitation, security safeguards, openness, individual participation, and accountability.) For example, pursuant to regulations, criminal law enforcement records may be exempted from the Privacy Act's requirement that an agency make reasonable efforts to assure that a record is accurate, complete, timely, and relevant for agency purposes before disseminating that record to someone other than an agency or pursuant to FOIA. Therefore, the GAO should not have focused on whether agencies were satisfying all of the Fair Information Practices, because not all of the Fair Information Practices are incorporated into the Privacy Act. The more appropriate metric should be whether an agency has met the requirements of the Privacy Act.

For this reason, DOJ believes that prior to the issuance of any new guidance or policy, a careful analysis and assessment of the degree of need for any new guidance should be conducted. That assessment should take into account agency resources, competing mission priorities, and the privacy protections already in place as a result of DOJ's compliance with the Privacy Act of 1974 (5 U.S.C. § 552a).

Question. What steps is the Justice Department taking to address the privacy concerns raised in this report and to protect the privacy interests of law-abiding Americans?

Answer. As indicated in response to subpart A, above, DOJ complies with the requirements of the Privacy Act, which prohibits the disclosure of protected information in the absence of a statutorily provided exception. In addition, DOJ has appointed its own Chief Privacy and Civil Liberties Officer (CPCLO) and the CPCLO has established a Privacy and Civil Liberties Board with three subcommittees: Outreach; Data Collection, Aggregation, and Maintenance; and Law Enforcement and National Security. The Data Collection Subcommittee has held its first meeting and established its initial task, which is to survey the Department's use of reseller data and then to develop a policy for the DOJ that will be informed by the Department's use of that information and by existing legal protections. Such a policy will include appropriate oversight mechanisms. The CPCLO has also mandated DOJ-wide compliance with the Privacy Impact Assessment (PIA) process established by the E-Government Act and will be the final approving authority for PIAs on all major record systems. The CPCLO recently issued guidance to the DOJ regarding PIAs. This guidance requires components to consider the privacy concerns of all information in identifiable form, including information received on a systematic basis from data resellers, in developing and maintaining computer systems that collect such information.

The FBI has also appointed a Privacy and Civil Liberties Officer and uses the E-Government PIA process to evaluate privacy in major record systems prior to system implementation. The PIA process requires that the system sponsor or developer conduct a thorough, written analysis of the impact on privacy that will result from the creation of a proposed system prior to the system's implementation. The FBI assesses both impacts attributable solely to the proposed system and the cumulative impacts arising from the proposed system's interface with existing systems. The PIA

provides senior FBI management officials with an assessment of a major new system's impact on privacy before the system becomes operational. The FBI PIA process includes a review of major systems by the FBI Privacy Council, a group composed of representatives from several FBI divisions, as well as the FBI Senior Privacy Official.

CUTS TO STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

Question. States, counties and communities nationwide continue to be overwhelmed by increasing homeland security mandates from the Federal government. The President often says that he wants to ensure that our State and local police receive the resources necessary to do the job the American public expects them to do, but then he goes and proposes a \$1.309 billion, or 52 percent, in overall cuts to funds for assistance programs that have a proven track record and are primarily designed to assist state and local law enforcement agencies carry out their day-to-day public safety duties.

The Administration proposes to slash funding for Community-Oriented Policing Services (COPS) by \$161.2 million, or 61 percent, leaving it at \$102.1 million. Programs targeted for elimination included the COPS Law Enforcement Technology Program, as well as drastic reductions in equipment and support staff grants that State and local police departments depend on to carry out their crime-fighting duties. This budget would also reduce by \$23.3 million, or 37 percent, COPS Methamphetamine Enforcement and Clean-Up for state and local law enforcement programs to combat methamphetamine production and distribution, to target drug "hot spots," and to remove and dispose of hazardous materials at clandestine methamphetamine labs.

The President's proposed budget would eliminate all Byrne JAG funding. This grant program, which Congress funded at \$327.2 in fiscal year 2006, provides vital funding to States to improve the functioning of the criminal justice system, with emphasis on violent crimes and serious offenders, and to enforce State and local drug laws. In the recently enacted Violence Against Women and the Department of Justice Reauthorization Act of 2005 (Public Law 109-162), which the President signed into law on January 5, 2006, Congress codified the Byrne Memorial Justice Assistant Grant Program, and authorized funding for it at over \$1 billion.

Given the President's rhetoric expressing support for our State and local law enforcement, how does DOJ justify cutting funds to the highly successful and effective COPS Program and the Byrne Memorial Justice Assistance Grants?

If the President's budget were followed, how would the Justice Department propose to address the needs of State and local police departments that are currently met by the COPS Program and the Byrne Memorial Justice Assistance Grants?

Answer. In order to focus departmental resources on counterterrorism, which is and must be the Department of Justice's (DOJ) overriding priority, the Administration was required to make difficult choices in this budget proposal.

The President's fiscal year 2007 budget proposal recognizes the Federal government's responsibilities in regard to supporting effective law enforcement and improving the nation's criminal justice system. If approved as proposed, the President's fiscal year 2007 budget will provide over \$1.2 billion to State, local, and tribal law enforcement through the U.S. Department of Justice. This includes \$66.6 million to strengthen communities through programs providing services such as drug treatment; \$88.2 million to combat violence, including enhancements to Project Safe Neighborhoods; and \$209 million to support drug enforcement, including funding to continue and expand the Southwest Border Drug Prosecution Program. The initiatives included in this proposal were selected by concentrating scarce resources on the highest priority criminal justice issues; promoting effective, evidence-based approaches to improving law enforcement and criminal justice system capabilities; and eliminating funding for programs that could not demonstrate results.

Drug enforcement continues to be one of the most significant criminal justice priorities of both the Administration and the Department of Justice. In addition to supporting drug enforcement and treatment initiatives, the fiscal year 2007 President's budget includes \$706 million for the Organized Crime and Drug Enforcement Task Force (OCDETF) program and \$208 million for the High Intensity Drug Trafficking Area (HIDTA) Program. These programs support drug enforcement efforts undertaken by task forces made up of Federal, State, local, and tribal law enforcement agencies and enhance the coordination of efforts against drug trafficking and drug-related crime at all levels of government.

The Administration applied the same principles it used to select initiatives for inclusion in the fiscal year 2007 budget to make decisions regarding reductions in or elimination of funding for existing programs. While these choices are often difficult,

they are unquestionably necessary. Due to the fiscal pressures resulting from the need to fund an effective response to terrorism at home and abroad, reduce the Federal deficit and address the growing financial burdens created by Social security and health care entitlement programs, discretionary spending must be reduced.

The proposed elimination of the JAG Program in fiscal year 2007 is based on this program's inability to clearly demonstrate its effectiveness. During the fiscal year 2005 PART assessment of the JAG Program and its predecessors (the Byrne Formula Grant Program and the Local Law Enforcement Block Grant), OMB concluded that these programs have not been able to clearly demonstrate through quantifiable performance measures that they had achieved nor were making progress toward their goals. Concerns were also raised about the broad range of the 29 purpose areas allowed under the JAG Program, making it difficult for the program to develop meaningful performance measures or focus its efforts on priority concerns. In light of the broad array of assistance offered to State, local, and tribal law enforcement agencies through OJP, the Administration determined that the funds currently devoted to the JAG Program could be used more effectively elsewhere.

While the COPS grant programs have achieved a number of noteworthy successes, the primary mission of the Office of Community Oriented Policing Services—to hire 100,000 community policing officers to serve in law enforcement agencies throughout the nation—has been achieved. COPS has dedicated \$12 billion to add 118,000 community policing officers to America's streets and schools. The Administration's decision to restructure the COPS grant programs and reduce overall COPS funding reflect the policy of directing Federal resources to the areas of greatest need.

In fiscal year 2007, the President's budget request redirects COPS funding toward training and technical assistance in support of efforts to implement community policing strategies and provide increased grant assistance to tribal law enforcement agencies to meet the unique needs of Native American communities. Funding for interoperable communications technology, provided through the COPS Program in past years, is now requested in the budget of the Department of Homeland Security to ensure efficient coordination throughout the first responder community. Training, technical assistance and funding to support the clean-up of methamphetamine labs by State, local and tribal law enforcement agencies will be administered in partnership with the Drug Enforcement Administration (DEA), the recognized leader in this area. The President's fiscal year 2007 budget request seeks \$40 million for methamphetamine lab clean-up efforts, doubling the level of funding appropriated for this purpose in fiscal year 2006.

Consistent with its standing policy of not requesting continued funding for earmarked projects, the administration is not requesting funding for the Byrne Discretionary Grant Program administered by the Office of Justice Programs (OJP) or the Crime Identification Technology Act (CITA) and Methamphetamine Enforcement and Clean-up (Meth Hot Sports) Grants administered by the COPS Office.

Communities and law enforcement agencies receiving grants under the programs being proposed for elimination will be encouraged to look to other OJP and DOJ programs to fund their ongoing efforts. For instance, an interagency drug task force receiving funding from a JAG grant may be eligible for funding from a number of other OJP and DOJ programs, such as Project Safe Neighborhoods or the Organized Crime and Drug Enforcement Task Force (OCDETF) Program. The Department will continue to work closely with Congress to ensure that State, local, and tribal law enforcement and criminal justice agencies receive appropriate Federal support for efforts to protect America's citizens from crime and terrorism and strengthen the criminal justice system.

VICTIMS OF CRIME ACT CRIME VICTIMS FUND

Question. I am greatly troubled by the Administration's proposal to raid at the end of fiscal year 2007 all amounts remaining in the Crime Victims Fund, projected to be more than \$1.25 billion.

Year after year, the Crime Victims Fund—financed by criminal fines, forfeitures and assessments; not the American taxpayers—plays an essential role in helping thousands of agencies provide critical services annually to nearly four million victims of domestic violence, sexual assault, child abuse, drunk driving, elder abuse and all other crimes.

Despite the fact that Congress blocked this same proposal last year and has continued to express its intention that all deposits remain in the Fund to ensure its future, the Administration has once again proposed in its fiscal year 2007 budget proposal to siphon off all amounts remaining in the Fund at the end of the coming fiscal year to help offset the budget deficit that it has created. Such a move would leave the Fund with a balance of zero going into fiscal year 2008, jeopardizing the

ability of thousands of agencies to staff and operate programs vital to victims' well-being.

Attorney General Gonzales, how can the Administration justify expunging amounts from the Crime Victims Fund?

Answer. The cap enables Congress to determine the appropriate level of expenditures required to maintain viable victims' programs. Excess balances above the cap remain in the fund and "roll over" from year to year. Significant rollover balances have existed in the fund since 2000, creating what has been characterized as a perpetual float in the account well in excess of \$1 billion. This float is not required to fund the enacted level of victims' programs, nor is it money that can be made available for other use. These balances have become fodder for temporary scoring proposals. This tactic undermines the budget process because the same offset is counted each year. As the fiscal year 2007 President's budget proposes to rescind and permanently cancel the excess balance, returning the funds to the general fund of the Treasury, as a more straightforward approach to budgeting.

Question. Just how does the Administration expect victims and victims' services to sustain themselves in the interim while the Fund is replenished in fiscal year 2008?

Answer. While we do not believe that the proposal included in the President's budget would create an interim funding problem, we would be happy to work with you to develop language that both eliminates the budget gimmick and ensures uninterrupted funding availability for crime victims.

Question. How long do you estimate it will take for the Fund to be replenished in any given year after the remaining monies are drained?

Answer. Given recent history, our expectation is that the crime victims programs will be self-financing based on the fines and penalties paid into the Crime Victims Fund in any given year.

Question. How will the Office for Victims of Crime determine how much money would become available in the course of any given fiscal year to allocate to each of the 50 states?

Answer. The Department of Justice has not proposed to modify the formulas under which the bulk of the funds are distributed to the states each year for victims' compensation and crime victims programs. The amount of money distributed would be determined by the amount collected in the fund at time of disbursement.

Question. Additionally, how could local agencies apply for funds when each state would have no idea how much money would come to them that year?

Answer. Funding made available in the President's budgets and via the appropriations process has remained markedly stable in recent years. We are not anticipating at this point any dramatic departures from past funding levels. The Administration's fiscal year 2007 proposal is intended to preserve \$625 million in spending for crime victims programs while ending the budget gimmick that allows \$1.3 billion in balances to roll forward each year to be used as an offset for other spending. We certainly are willing to have some flexibility in working with the Congress to meet both of these objectives.

Question. When faced with times when collections from fines and forfeitures are low or if we are faced with a national victims emergency, such as we were with the September 11 terrorist attacks or Hurricane Katrina, where do you propose to find the funds for victims' services and compensation, seeing how the Administration will have drained the Fund?

Answer. If criminal fine collections decline in future years, the Administration would request additional appropriations, or in the event of a catastrophe, such as 9/11, request emergency supplemental funding to help offset those costs and restore the balance to sustainable levels.

BULLETPROOF VESTS PARTNERSHIP GRANT PROGRAM

Question. The Bulletproof Vest Partnership (BVP) Grant Program has been vital to distributing lifesaving bulletproof vests to law enforcement officers serving in the front lines across the country. However, DOJ's budget for fiscal year 2007 proposes to slash funding for this program by almost \$20 million, or by 63 percent. On January 5, 2006, the President signed into law the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109-162), which reauthorized the BVP Grant Program with funding levels at \$50 million per year through fiscal year 2009.

Compounding the usual funding demand for help to purchase vests, concerns from the law enforcement community over the effectiveness of body armor surfaced over two years ago when a Pennsylvania police officer was shot and critically wounded through his relatively new Zylon-based body armor vest. In August 2005, DOJ an-

nounced that test results indicate that used Zylon-containing body armor vests may not provide the intended level of ballistic resistance. Unfortunately, an estimated 200,000 Zylon-based vests have been purchased—many with BVP funds—and now need to be replaced. The Justice Department has adopted new interim requirements for its body armor compliance testing program and also provided an additional \$10 million at the end of fiscal year 2005/beginning of fiscal year 2006 to assist agencies in their replacement of Zylon-based body armor vests.

Vests cost between \$500 and \$1,000 each, depending on the style. The extra \$10 million released by the Justice Department, while appreciated, is only a drop in the bucket when compared to the need.

Across our nation, law enforcement agencies are struggling over how to find the funds necessary to replace defective vests that are less than five years old with ones that will actually stop bullets and save lives. How does DOJ justify cutting the BVP grant program by 63 percent in the face of needing to match costs for new vests, as well as to assist in the replacement of defective vests in fiscal year 2007?

Answer. The Administration continues to support the Bullet Proof Vest Partnership (BVP) program administered by the Bureau of Justice Assistance (BJA), which utilizes federal funds to assist State and local law enforcement to purchase stab- and bullet-resistant vests that meet National Institute of Justice (NIJ) standards.

The Attorney General, recognizing the crisis in the law enforcement community, added an additional \$10 million to the \$24.6 million appropriated for BPV in fiscal year 2005. This additional funding was made through a special BPV solicitation and resulted in 1,343 awards to State and local law enforcement agencies to replace 72,711 vests made with Zylon. In addition, through BJA's regular BPV process, in fiscal year 2005, BJA made \$23.6 million in BPV payments to over 4,000 agencies. These funds supported the purchase of more than 181,000 vests (over the next four years) for law enforcement officers across the country. In fiscal year 2006, \$29.6 million is appropriated for BPV.

Currently, there is over \$70 million available for the BPV program, including the fiscal year 2005 appropriation of \$24.6 million; \$7.8 million in reprogrammed funds; \$10 million at the request of the Attorney General; and the fiscal year 2006 appropriation of \$30 million. The fiscal year 2007 President's budget request of \$9.82 million will sustain the program and should adequately fund the anticipated demand for new vests.

Funding for BVP is also being allocated to support NIJ research on ballistic materials and armor performance under the Attorney General Body Armor Safety Initiative. The NIJ voluntary compliance testing program for bullet-resistant body armor has been revised to take into account performance of used armor.

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

OFFICE OF INTELLIGENCE POLICY AND REVIEW

Question. Do you believe this increase is sufficient to meet OIPR's needs? What information can you provide us with to demonstrate that this number will be sufficient to meet the needs of OIPR? Is this what OIPR told you they needed? Is that what they requested?

Answer. The President's fiscal year 2007 budget includes an increase of 30 positions, of which 21 are attorneys, for functions performed by OIPR. This increase—20 percent over the 2006 position level—will help allow the Department to address the growth in Foreign Intelligence Surveillance Act (FISA) applications that are a key element in our fight against terrorism. If FISA-related workload continues to grow, additional resources for OIPR may be necessary. These additional needs would be reflected in future budget requests.

ELIMINATING THE BYRNE GRANT PROGRAM IN THE FACE OF A METH EPIDEMIC

Question. Local law enforcement officials back in Wisconsin have warned us that the meth epidemic could get even worse as the drug moves into our urban areas. Instead of being home-made in rural labs, meth is increasingly being mass-produced and trafficked by large drug cartels. What this all means is more meth will be on the streets and law enforcement is very worried that we may experience a meth epidemic even worse than the crack epidemic of the 1980s.

In order to better combat the spread of crack cocaine which devastated our cities some 20 years ago and fight drug trafficking in general, Congress created the Edward J. Byrne Memorial Grant Program. The Byrne Grant Program provided federal funds to State and local police agencies to form regional drug task forces which coordinated law enforcement's efforts to fight drug crimes. By several accounts, the

Byrne Grant Program was and remains successful—and it has become the backbone of federal aid for local law enforcement.

We created the Byrne Grant Program twenty years ago to fight the rising tide of drugs in this country. Why now—when law enforcement is warning us that meth will be the new crack epidemic in our cities—is the Administration eliminating this program? We did not eliminate, we created, a federal program to help our local police fight drugs when crack exploded in the 80s. We should not be eliminating the Byrne Grant Program when we face the challenge of meth.

Answer. Due to the limited resources available to the Department of Justice (DOJ), both the Administration and the Department have been forced to make many difficult choices while preparing the fiscal year 2007 President's budget proposal. The decision to eliminate funding for the Byrne Justice Assistance Grant program (JAG) was a difficult choice necessitated by the Department's need to focus available resources on its top priorities, such as antiterrorism efforts, and ensure that existing programs make the best possible use of the federal funds dedicated to them. We are actively working with Congress and State and local officials to help ensure that law enforcement needs are addressed nationwide.

In fact, a number of critical and important investments for state and local law enforcement exist in the fiscal year 2007 budget—areas where funding is requested to target specific priority problems. In recent years, both the President and Congress have tended to focus funding on initiatives in key priority areas, where we have the best chance of making a difference, in lieu of funding large, broad-based programs that are not targeted and have not been able to show the same level of results. JAG represents less than one percent of all State and local spending in law enforcement.

If the President's fiscal year 2007 budget request is approved, over \$1 billion will be available to State, local and tribal law enforcement through the U.S. Department of Justice for many of the same purposes that JAG funded, such as training and equipment that logically cross-cut crime and drug issues. The DOJ fiscal year 2007 President's budget request includes \$66.6 million to strengthen communities through programs providing services such as drug treatment; \$88.2 million to combat violence, including enhancements to Project Safe Neighborhoods; and \$209 million to support drug enforcement, including funding to continue and expand the Southwest Border Drug Prosecution Program.

During its fiscal year 2005 PART assessment of the Byrne JAG Program and its predecessors (the Byrne Formula Grant Program and the Local Law Enforcement Block Grant), OMB concluded that the JAG Program has not been able to clearly demonstrate through quantifiable performance measures that it is achieving its goals. Concerns were also raised about the broad range of purpose areas allowed under the JAG Program; JAG funded efforts in a total of 29 different purpose areas, making it difficult for the program to develop meaningful performance measures or focus its efforts on priority concerns. Much of the justification for such assistance has diminished in comparison to other priority needs, such as increasing federal counterterrorism efforts.

The Administration and the Department of Justice are committed to supporting interagency drug enforcement efforts. The fiscal year 2007 President's budget includes \$706 million for the Organized Crime and Drug Enforcement Task Force (OCDETF) program and \$208 million for the High Intensity Drug Trafficking Area (HIDTA) Program. These programs support drug enforcement efforts undertaken by task forces made up of Federal, State, local and tribal law enforcement agencies and enhance the coordination of efforts against drug trafficking and drug-related crime at all levels of government. The Department will continue to work with Congress and State and local officials to address the many threats that methamphetamine and other illegal drugs pose to America's communities.

JUVENILE JUSTICE FUNDING

Question. Once again, juvenile justice and delinquency programs are cut in half in the President's fiscal year 2007 budget proposal. These programs, housed at the Office for Juvenile Justice and Delinquency Prevention (OJJDP), are allocated \$176 million, which is about half of what was appropriated last year (nearly \$343 million).

Juvenile justice programs have suffered during the Bush Administration. Just four short years ago, these programs received approximately \$556 million, with more than \$94 million for the Title V Local Delinquency Prevention Program and nearly \$250 million for the Juvenile Accountability Block Grant (JABG) program. The Administration's proposed level of \$176 million for juvenile justice programs represents more than a two-thirds cut from fiscal year 2002. The downward spiral

of juvenile justice funding is a disturbing budget trend with ugly real world implications. Juvenile crime is an ongoing challenge and it is not a problem that is going to solve itself. Boosting funding for successful juvenile justice programs is the first step in addressing this challenge.

Though we were able to increase that funding here in Congress last year, we wonder why this Administration targets reductions for juvenile justice programs year after year? Can you provide us some idea of whether or not this sort of funding will be a priority of yours, as it is to many of us here?

Answer. In fiscal years 2006 and 2007, the Office of Justice Programs (OJP) proposes the elimination of the Juvenile Accountability Block Grant (JABG) Program, which received a “results not demonstrated” rating due to the lack of key information required by the Office of Management and Budget Program Assessment Rating Tool (PART) in fiscal year 2002. In an effort to increase accountability without undermining State juvenile justice programming, the OJP budget requests \$33.5 million for the recently-authorized Part C: Juvenile Delinquency Prevention Block Grants Program from which State and local governments can fund similar activities.

Funding for the Title V Incentive Grants Program is proposed for an overall reduction due to the elimination of two initiatives whose funding is carved out of this program at approximately \$25 million each—Underage Drinking and Gang Resistance Education and Training. However, OJP is requesting an increase of \$14.7 million in discretionary funding compared to the fiscal year 2006 enacted level for the Title V Program. Beginning in fiscal year 1995 (the second year of the Program), Congress allocated an increasingly larger portion of total Title V funds to earmarked programs which has resulted in fewer dollars being allocated to communities to formulate, implement, and evaluate comprehensive delinquency prevention plans through the Incentive Grants, the original intent of the Program.

In addition, the fiscal year 2007 budget request includes an increase of \$14.2 million for the Formula Grants Program which supports State and local efforts to develop and implement comprehensive State juvenile justice plans. Funds may be used for research, evaluation, statistics and other informational activities, and training and technical assistance. Funding is also available for training and technical assistance to help small, non-profit organizations, including faith-based organizations, with the federal grants process.

WHIRLPOOL-MAYTAG MERGER

Question. Last week many of us were surprised when the Antitrust Division decided not to challenge Whirlpool’s acquisition of Maytag. It was widely reported in the press that the Antitrust Division staff had recommended that the Justice Department should file suit to block this deal, because of the possibility that the deal could lead to injury to competition and higher prices for consumers. The merger will result in the combined company controlling about 70 percent of the washing machine market.

The Justice Department’s decision on this deal was contrary to the predictions of many antitrust experts. Diana Moss of the American Antitrust Institute argued that the combined company’s market power would “substantially lessen competition by impairing the ability of rivals to compete effectively.” Even the Wall Street Journal—usually not an advocate of aggressive antitrust enforcement—reported that “under traditional antitrust analysis, the deal would probably be rejected or reshaped because of the combined companies’ majority share of the U.S. market for washers and dryers.”

Why did you ignore the recommendation of the Antitrust Division staff in approving this merger?

Answer. After thoroughly investigating Whirlpool’s proposed acquisition of Maytag, the Antitrust Division determined that the proposed transaction was not likely to reduce competition substantially. We came to this conclusion because Whirlpool will likely achieve large cost savings and efficiencies, which would allow the combination of strong rival suppliers not to harm consumer welfare.

Based on the evidence obtained during its extensive investigation, the Division found that this merger is not likely to give the merged entity market power in the sale of any of its products in the United States. The Division found that, despite the two companies’ relatively high share of laundry appliance sales in the United States, any attempt to raise prices likely would be unsuccessful. Whirlpool and Maytag represent two well-known brands in the industry, but rival appliance brands such as Kenmore, General Electric and Frigidaire are also well established, and newer brands such as LG and Samsung have quickly established themselves in recent years. LG, Samsung, and other foreign manufacturers could increase their imports into the United States; rival U.S. manufacturers have excess capacity and

could increase their production. Further, the large retailers through which the majority of these appliances are sold—Sears, Lowe’s, The Home Depot and Best Buy—have alternatives available to help them resist any attempt by the merged entity to raise prices. Also, the parties substantiated large cost savings and other efficiencies that should benefit consumers.

TUNNEY ACT REVIEW

Question. Two years ago I sponsored an amendment to the Tunney Act, the law which governs the manner in which the courts review government antitrust settlements with the government. My amendment was enacted into law. This amendment heightened the scrutiny that courts must give to such settlements. We intended to halt the practice of courts merely “rubber stamping” these settlements, but instead to ensure that the courts scrutinized these consent decrees to insure that the settlements were in the public interest.

In the Justice Department’s recent court filings in the SBC/ATT merger Tunney Act proceedings, the Department has asserted that these amendments “did not materially affect the scope or standard of review courts are to apply in reviewing antitrust settlements.” This assertion is contrary to the plain words and legislative intent of our Tunney Act amendments.

Why has the Justice Department taken the position that our Tunney Act amendments have not changed the standard of review that courts are to follow in reviewing antitrust settlements? What basis do you have for ignoring the plain language and legislative history of our amendments that was intended to strengthen the court’s review?

Answer. The text of the 2004 amendments to the Tunney Act modified the list of factors a court is to consider in making its public interest determination and made judicial consideration of each factor mandatory rather than discretionary. The quotation in the filing you cite was in the context of that case, in which it was claimed that the 2004 Tunney Act amendments somehow gave the court the authority to review a consent judgment on the basis of allegations that were not included in the underlying complaint. The 2004 Amendments do not in any way suggest that they altered the Tunney Act’s fundamental purpose or standard in that respect.

Section 221(a) contains a “finding” that “it would misconstrue the meaning and Congressional intent in enacting the Tunney Act to limit the discretion of district courts to review antitrust consent judgments solely to determining whether entry of those consent judgments would make a ‘mockery of the judicial function.’” Antitrust Criminal Penalty Enhancement and Reform Act of 2004, Public Law 108–237, § 221(a)(1)(B), 118 Stat. 661, 668 (2004). Senator DeWine stated that “this bill makes clear that the Tunney Act requires what it has always required, and that mere rubber-stamping is not acceptable.” 150 Cong. Rec. S3610–02, *S3618 (Apr. 2, 2004) (statement of Sen. DeWine). The Department agrees. Both the statute and the case law make clear a court’s Tunney Act role: far from applying a rubber-stamp, the court is to examine the proposed antitrust consent decree and determine whether that judgment addresses the harms alleged in the complaint and therefore falls within the reaches of the public interest based on the factors enumerated in the statute.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

ANTITRUST MODERNIZATION COMMISSION

Question. The Antitrust Modernization Commission recently held a hearing that discussed the risks that U.S. businesses face as a result of the growing number of competition authorities around the world. These authorities can impose requirements or remedies on U.S. companies that conflict with our own. As one witness testified, this situation “has created the potential for a variety of adverse consequences, including increased transaction costs and heightened uncertainty for businesses, and instances of friction and conflict across jurisdictional boundaries.”

Would the Department support efforts to deal with these issues, so that foreign antitrust authorities are more likely to defer to the rulings of the Department and FTC where the United States’ interests in a transaction or conduct are paramount?

Should the United States also seek to strengthen existing antitrust cooperation agreements to address this issue?

Answer. The potential for foreign competition authorities to impose burdensome conflicting requirements and uncertainties on companies from other nations, or even to misuse enforcement to bolster a country’s own home companies, has been an ongoing concern of the Antitrust Division for a number of years. The Division has ac-

tively worked to promote antitrust enforcement around the world based on sound economic and legal analysis. In this regard, one of the principles we have urged as part of international comity in antitrust enforcement is that, where appropriate, deference be given to the enforcement authorities in the country with the most significant relationship to the transaction or conduct.

At the same time, the Department recognizes that there are numerous instances in which both the United States and a foreign antitrust authority have a significant interest in a particular course of conduct or a particular transaction. It is therefore critical that the Department work closely in a variety of contexts to achieve international consensus on sound antitrust enforcement, thereby limiting the risk of significantly divergent outcomes in particular cases. In recent years the Department has actively engaged antitrust enforcers around the world through the International Competition Network, the Organization for Economic Cooperation and Development, competition working groups, and bilateral and trilateral meetings. Our goal is to strengthen international cooperation, minimize unnecessary burdens on companies doing business globally, and promote convergence on sound antitrust principles. This will continue to be a priority for the Department.

SEX OFFENDER DATABASE

Question. Mr. Attorney General, I met with you in February of 2005, and urged you to implement a national sex offender database that the public could access through the internet, along the lines of what I have proposed in Dru's Law. I appreciate the fact that the Justice Department has begun implementation of such a database.

The database currently allows users to search for offenders by multiple zip codes, but not by a radius defined by users, as proposed by Dru's Law. I think the database would be far more useful if it allowed the user to ask for a list of offenders within, say, a 10-mile radius—rather than having to sit down with a map and figuring out the intricacies of the zip code system. Would you be willing to look into that?

Answer. A zip code radius search has been a sought after function of the National Sex Offender Public Registry (NSOPR) since the inception of the program. After the initial release of NSOPR, the original zip code function was modified from single zip code search capability to the current search capability that allows users to search multiple known adjacent zip codes. With the final two states scheduled to participate in the program this summer, work is underway to develop zip code radius style searches.

EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS (JAG) PROGRAM

Question. The President's fiscal year 2007 budget would eliminate funding for Edward Byrne Memorial Justice Assistance Grants program that was developed to help states and local law enforcement control violent crime and drug-related crime as well as improve operations and coordination.

The Byrne grant program helps to fund the South Sakakawea Narcotics Task Force that services the southwest counties of North Dakota. Prior to having this task force, the Dickinson Police Department and Stark County Sheriff's Department combined to investigate narcotics. It was on a part time basis because it utilized detectives who had to work criminal cases as well and it was not effective enough to deter the dealers moving into our area.

According to the Dickinson Chief of Police, the task force this past year handled 181 cases and made a total of 233 arrests. They also have confiscated about \$29,000 in asset forfeitures.

In eliminating funding, the Administration says the Byrne program is "unable to demonstrate results" and that there is "little justification for continued funding." How can you justify cutting this program? What methods did the Department of Justice use to evaluate this program? Did you reach out directly to local law enforcement officials in North Dakota to gather facts and results?

Answer. Due to the limited resources available to the Department of Justice (DOJ), both the Administration and the Department have been forced to make many difficult choices while preparing the fiscal year 2007 President's budget proposal. The decision to eliminate funding for the Byrne Justice Assistance Grant program (JAG) was a difficult choice necessitated by the Department's need to focus available resources on its top priorities, such as antiterrorism efforts, and ensure that existing programs make the best possible use of the federal funds dedicated to them. We are actively working with Congress and state and local officials to help ensure that law enforcement needs are addressed nationwide.

In fact, a number of critical and important investments exist in the fiscal year 2007 budget—areas where funding is requested to target specific priority problems. In recent years, both the President and Congress have tended to focus funding on initiatives in key priority areas, where we have the best chance of making a difference, in lieu of funding large, broad-based programs that are not targeted and have not been able to show the same level of results. JAG represents less than one percent of all state and local spending in law enforcement.

If the President's fiscal year 2007 budget request is approved, over \$1 billion will be available to State, local and tribal law enforcement through the U.S. Department of Justice for many of the same purposes that JAG funded, such as training and equipment that logically cross-cut crime and drug issues. The DOJ fiscal year 2007 President's budget request includes \$66.6 million to strengthen communities through programs providing services such as drug treatment; \$88.2 million to combat violence, including enhancements to Project Safe Neighborhoods; and \$209 million to support drug enforcement, including funding to continue and expand the Southwest Border Drug Prosecution Program.

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The Administration and the Department of Justice are committed to supporting interagency drug enforcement efforts. The fiscal year 2007 President's budget includes \$706 million for the Organized Crime and Drug Enforcement Task Force (OCDETF) program and \$208 million for the High Intensity Drug Trafficking Area (HIDTA) Program. These programs support drug enforcement efforts undertaken by task forces made up of Federal, state, local and tribal law enforcement agencies and enhance the coordination of efforts against drug trafficking and drug-related crime at all levels of government. The Department will continue to work with Congress and State and local officials to address the many threats that methamphetamine and other illegal drugs pose to America's communities.

QUESTION SUBMITTED BY SENATOR ROBERT C. BYRD

NSA'S DOMESTIC SURVEILLANCE PROGRAM AND ITS POSSIBLE UNDERMINING AFFECT ON COUNTERTERRORISM EFFORTS

Question. The Administration has been very vocal about its disdain for the information leaked concerning domestic wiretapping program. Is it possible, that by ignoring FISA, as well as the FISA court, the Administration has encouraged intelligence gatherers and analysts to engage in constitutionally-suspect activities, and that the leaks that have resulted have come about not through any dereliction of duty, but from a real concern that individuals have been asked to conduct domestic surveillance outside the rule of law?

If this is in fact true, then not only has the NSA's domestic surveillance program been conducted illegally, it has placed counterterrorism agents beyond the law, and possibly caused the leaks it now condemns. What is the Administration's response to its possibly undermining counterterrorism efforts by its brazen indifference to FISA and the Constitution?

Answer. Thank you for the opportunity to address these questions, which I believe reflect several misunderstandings. We hope our response will allay your concerns.

First, the care that the Administration has taken in establishing, implementing, and overseeing the Terrorist Surveillance Program described by the President bears emphasis. The Administration has gone to extraordinary lengths to ensure that, even while it protects the American people from another catastrophic terrorist attack, it observes the constitutional protections that we, as a Nation, cherish. For this reason, the Administration sought and received the legal advice of the Department of Justice and of the career attorneys who specialize in this area of law at the National Security Agency (NSA) before the program was first authorized, and it continues to seek such advice when appropriate. The Program is narrowly focused, targeting only international communications for which a trained intelligence professional concludes there is probable cause to believe at least one of the parties

is a member or agent of al Qaeda or an affiliated terrorist organization. The need for the Program is reevaluated approximately every 45 days to minimize the risk of any unnecessary interception of communications. Finally, from the very beginning, the Administration has kept Congress informed through appropriate briefings of the Intelligence Committees and leadership.

Second, the Administration has not “circumvent[ed] procedures required by Foreign Intelligence Surveillance Act (FISA) and the Constitution,” nor has it “ignored” FISA. As explained in the Department’s January 19, 2006 paper, the Terrorist Surveillance Program is fully consistent with FISA. FISA expressly recognizes that electronic surveillance can be authorized by statutes other than FISA. See 50 U.S.C. § 1809(a)(1) (providing that electronic surveillance is not prohibited if it is “authorized by statute”). The Authorization for the Use of Military Force of September 18, 2001 (“Force Resolution”) is just such a statute. The Supreme Court has explained that the Force Resolution must be understood to have authorized “fundamental and accepted” incidents of waging war. *Hamdi v. Rumsfeld*, 542 U.S. 507, 518 (2004) (plurality opinion); see *id.* at 587 (Thomas, J., dissenting). As explained at length in the January 19th paper, the use of signals intelligence is a fundamental incident of the use of military force. Consistent with this traditional understanding, other Presidents, including Woodrow Wilson and Franklin Roosevelt, have interpreted general force authorization resolutions to permit warrantless electronic surveillance to intercept suspected enemy communications. Cf. generally Curtis A. Bradley & Jack L. Goldsmith, Congressional Authorization and the War on Terrorism, 118 Harv. L. Rev. 2048, 2091 (2005) (explaining that, with the Force Resolution, “Congress intended to authorize the President to take at least those actions permitted by the laws of war”). The Force Resolution thus authorizes the President to conduct the Terrorist Surveillance Program against al Qaeda and affiliated terrorist organizations, and does so in a way explicitly contemplated by FISA. At the same time, as we have explained repeatedly, the Administration understands and appreciates FISA’s value. It and the Foreign Intelligence Surveillance Court have been of enormous assistance in protecting the Nation from terrorist attacks and other threats to the national security. The Administration, accordingly, makes full use of the FISA.

Third, we do not agree that concerns about the legality of the Terrorist Surveillance Program caused the unauthorized leak that publicly revealed the existence of the Program. Even if an employee were concerned about the legality of the program, although the program has been, from the beginning, subject to legal review at several levels, there has long been a mechanism in place—the Intelligence Community Whistleblower Protection Act of 1998—that would allow an employee to bring such concerns to the attention of the relevant Inspector General and, if that did not resolve his concerns, the Intelligence Committees of Congress. This act provides a mechanism to address concerns while protecting sensitive intelligence sources and methods. No concern for the legality of the Program could have impelled someone to break the law and cause irreparable harm to the national security by leaking highly classified information when this alternative was open.

Finally, the Terrorist Surveillance Program has been critical to protecting the Nation from a subsequent al Qaeda attack and is in no way “undermining counterterrorism efforts.” We hope these clarifications allay your concerns.

QUESTIONS SUBMITTED TO ROBERT S. MUELLER III

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

FBI ANALYSTS

Question. Director Mueller, since 9/11, you have tried to transform the FBI into an intelligence agency, one that actively prevents terrorist attacks instead of just responding to them. Last year, we talked about an Inspector General report that criticized the FBI for its inability to recruit, train, and retain qualified intelligence analysts. Connecting the dots, of course, is crucial to that transformation. The FBI fell well short of its analyst hiring goals in 2004, but you assured me that you would get that back on track in 2005, and that you would meet your goals. What goals did the FBI set for 2005, and were they met? What sorts of people did you hire as analysts? Are you fully satisfied with the qualifications of the applicants?

Answer. The FBI has worked hard to recruit the best possible candidates to move us forward during our transformation. This work is exemplified by our effort to hire intelligence analysts (IAs); through an extremely aggressive recruiting effort, we

have increased our total on-board IA complement over the 9/11/01 level by 108 percent.

Throughout this period, we have set very high IA hiring goals, and achieving these goals has been quite challenging. The FBI's goal in fiscal year 2005 was to hire 780 analysts and, with the benefit of streamlined pre-employment procedures and a hiring "blitz," we hired 678 analysts. (Of these, 170 IAs counted against our fiscal year 2004 goal, so that the total IAs hired against our fiscal year 2005 goal of 780 was 508). Both our efforts and our challenges are continuing; in the first two quarters of fiscal year 2006, we hired 233 IAs.

While the hiring of skilled and motivated federal employees in such large numbers is always challenging, the hiring of IAs in adequate numbers is made more challenging by the fact that the same backgrounds and expertise we are seeking are also being sought by other intelligence organizations. In order to close the gap created by hiring shortfalls, the FBI has established a team that consists of representatives from the Directorate of Intelligence, Administrative Services Division, Security Division, and Training and Development Division, who meet weekly to address hiring and training needs throughout the FBI. We will sustain our vigorous hiring effort until we meet our hiring goals.

The FBI has established policies and procedures designed to ensure we have the highest quality IAs, and the qualifications of the IAs hired in fiscal year 2005–2006 have been outstanding. For example, 48 percent of the recent hires have advanced degrees and, of those with baccalaureate or advanced degrees, 25 percent possess critical skills in such areas as Islamic studies, international banking, analytical studies, or computer science.

SENIORS INVESTMENT FRAUD

Question. Since 9/11, the FBI has focused on protecting our homeland and rightfully so. But the FBI also has other law enforcement priorities. Recently, I chaired an Aging Committee hearing that focused on the growing issue of securities fraud that seniors are facing. One of the messages from that hearing was that law enforcement must focus on both prosecuting fraud complaints and investigating potential scams before they ensnare seniors' life savings. I understand that the FBI has begun working on this, but can you tell us what additional resources you need to step up your efforts in this area?

Answer. Securities fraud is a priority of the FBI's White Collar Crime Program. During fiscal year 2005, the FBI had more than 1,500 pending securities fraud cases. These investigations resulted in 479 indictments or informations, 479 convictions, over \$4.9 billion in court-ordered restitution, and approximately \$25 million in forfeitures. The FBI will work with DOJ and Congress to identify any additional resources needed to increase our securities fraud program as it relates to senior citizens.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

CHOICEPOINT

Question. On April 3, 2006, the FBI announced that it was entering into a \$12 million, 5-year licensing agreement with ChoicePoint to expand the use of software that helps the FBI analyze criminal organizations. During the Committee's April 5, 2006, hearing, you stated that the FBI did not consult with Congress before entering into this agreement.

Given the well-publicized problems that ChoicePoint has had with maintaining data security, how can the Justice Department possibly justify entering into a multi-million dollar contract with ChoicePoint to handle sensitive investigative data about how criminal enterprises operate?

Answer. The FBI awarded a 5-year, fixed-price contract to i2, Inc., a subsidiary of ChoicePoint, on 12/1/05. ChoicePoint issued a press release announcing this contract on 4/3/06, which created some confusion as to whether the contract was for ChoicePoint data services or for i2 analytical tools. In fact, this contract is solely for i2's software applications and analytical tools, and not for ChoicePoint data services. These i2 applications and tools include software licenses, software upgrades, technical support for the "Analyst's Notebook" (i2's primary product), a scaled-down version of i2's "Visual Notebook," and related tools. The "Analyst's Notebook" is a link-node analysis tool that has proven highly useful in counterintelligence, counterterrorism, and criminal investigations that involve large volumes of data.

Like private investigators, paralegals, and others who subscribe to such services, the FBI continues to use commercial databases, such as ChoicePoint, that contain

public-source information as well as proprietary information that is privately owned and commercially available at the owner's discretion. This information is available to the FBI from the same sources that provide it to the commercial databases. What these commercial databases offer their customers, including the FBI, by contract is a consolidation of this information so that, rather than going to multiple databases for this information, it can be obtained through one or two searches.

The FBI contracts with commercial data providers, such as ChoicePoint, in order to access the information they maintain. We do not provide FBI information, including FBI investigative data, to these organizations, and neither they nor their other clients have any access to FBI information as a result of our contract or our access.

Question. Given the well-publicized problems that ChoicePoint has had with maintaining data security, why did the FBI choose to not consult Congress before entering into this licensing agreement?

Answer. As indicated in the response above, the recent contract did not concern ChoicePoint's data services, but was instead a contract for i2's software applications and analytical tools. Furthermore, the FBI's spending with regard to contracts with ChoicePoint and other data brokers has always been consistent with resources appropriated for such matters.

Question. Did the FBI conduct a review of ChoicePoint's data security procedures and privacy policy before entering into this licensing agreement? If so, please describe that review process.

Answer. Because the recent contract with i2, Inc., was for software applications and analytical tools, rather than for data services, it did not raise any concerns regarding data security procedures or privacy policy. These tools were evaluated as part of the FBI system's security certification and accreditation process, in accordance with FBI data security procedures and privacy policy.

VIRTUAL CASE FILE/SENTINEL

Question. Director Mueller, you are well aware of my ongoing interest in getting a fully functional case management system into the hands of agents. Last year, after consultants pronounced it obsolete and riddled with problems, the FBI scrapped its \$170 million Virtual Case File component of the Trilogy program, which was supposed to create an instantaneous and paperless way for FBI agents and analysts to manage all types of investigations.

We recently learned that the FBI estimates that Trilogy's successor, Sentinel, will cost the American taxpayers \$425 million to complete. Additionally, Sentinel will not be fully deployed until 2009. The FBI has already set aside \$97 million for Sentinel this year and you are asking for an additional \$100 million for this project for fiscal year 2007.

How confident are you about the final cost estimate for the Sentinel program?

Answer. The FBI is confident that the approved contract will meet the requirements specified in the statement of work at the contracted price. Should modifications be required, we will make the proper notifications within the FBI and to the Department of Justice (DOJ), OMB, and Congress. The total value of the contract with Lockheed Martin is \$305 million over 6 years, including both development and Operations and Maintenance (O&M). The FBI estimates that the total cost for the Sentinel program, including program management, systems development, O&M, and independent validation and verification (IV&V), will be \$425 million over 6 years.

Question. Based on this cost estimate, how much additional funding or reprogrammed funds will the FBI require to complete this program? If reprogramming is required, what programs do you anticipate will lose funds?

Answer. The funding requested in the President's fiscal year 2007 budget will fund O&M for Phase 1 and a portion or all of the system development, training, and program management costs for Phase 2. Final funding requirements for Phase 2 are dependent on the completed contract negotiations and other factors. Funding for Phases 3 and 4 and for the remainder of O&M for all Phases will be requested in future year budget submissions. If additional Phase 2 costs are identified in fiscal year 2007 beyond the \$100 million in the President's budget, the FBI will work with DOJ, OMB, and Congress to redirect existing funds where available or request additional funding as needed.

Question. I am trouble[d] by reports that two of the companies that are part of the Sentinel contract team—Computer Sciences Corp. and CACI International Inc.—also played roles in the earlier failed Trilogy effort. How do you justify entrusting these companies with taxpayer funds again?

Answer. Although it is true that two of the 11 companies partnering with Lockheed Martin are common to both Trilogy and Sentinel (Computer Science Corporation (CSC) and CACI), these companies were associated with the Transportation

Network and Information Presentation components of the Trilogy contract rather than with the Virtual Case File portion, which was led by SAIC.

The FBI believes both CSC and CACI will make significant contributions toward Sentinel's success. CSC will provide subject-matter expertise regarding legacy systems, system design, commercial off-the-shelf software selection, and O&M support. CSC will also provide information technology security services, a business line in which they have excelled while working with the FBI's information assurance program during the past three years. CACI will provide subject-matter expertise in support of case management, records management, development and testing, and implementation and integration.

The FBI has strengthened its internal controls to avoid a repetition of prior problems. For example, we have improved our contract oversight in four significant ways. First, this contract has clear reporting requirements and clear, defined deliverables at each contract phase (each of the four phases delivers capability to the end-user), and the contract can be terminated at any point should these results be unsatisfactory. Second, those responsible for contract management have clearly defined roles and responsibilities, and the management function is structured so as to ensure that accountable personnel review all documentation and expenses. This contract management function will be supplemented by internal financial management audits. Third, an IV&V specialist who reports directly to the Chief Information Officer will independently assess the efficiency and progress of the Program Management Office (PMO) and the work of the Sentinel contractors. Fourth, to eliminate the likelihood of "scope creep," any significant requirements changes must first be approved by the Executive Steering Council chaired by the FBI's Deputy Director.

The FBI has implemented measures to verify the FBI's receipt of the contract's deliverables and to validate their costs when invoiced. Unlike Trilogy, these measures include the creation of a PMO that includes personnel with the expertise to ensure proper contract administration. The Sentinel PMO includes a contracting officer and a dedicated unit that is specifically assigned to track, monitor, and control all program and development costs. This dedicated unit, which includes a business manager, budget analyst, Earned Value Metrics analyst, cost estimator, and full-time contracting officer's technical representative, will use detailed invoicing procedures developed by the PMO to validate all internal and external costs. As recognized in the recent GAO and IG reports, the FBI has conveyed to Lockheed Martin the importance of detailed cost tracking and adherence to established policies and protocols. Lockheed Martin has assured the FBI that they understand and concur in our requirements and will implement appropriate policies and processes to ensure compliance.

Generally a government entity has no direct relationship with subcontractors, who instead work for prime contractor, submitting invoices to the prime contractor for approval and payment. While this is true of the FBI's relationship with subcontractors in this case, as well, the FBI has requested greater transparency of subcontractor activities and charges with respect to the Sentinel contract, and Lockheed Martin's monthly reports will be required to include subcontractor costs in the same manner as their own costs.

SUBCOMMITTEE RECESS

Senator SHELBY. We will review the 2007 budget request for the National Aeronautics and Space Administration on Wednesday, April 26 in this room, and at that time, the NASA Administrator, Dr. Michael Griffin, will be here to discuss the budget for the programs under his jurisdiction. Until then, the subcommittee stands in recess.

[Whereupon, at 4:38 p.m., Wednesday, April 5, the subcommittee was recessed to reconvene at 2 p.m., Wednesday, April 26.]

COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2007

WEDNESDAY, APRIL 26, 2006

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:07 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Richard C. Shelby (chairman) presiding.

Present: Senators Shelby and Mikulski.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION STATEMENT OF HON. MICHAEL D. GRIFFIN, ADMINISTRATOR

CHAIRMAN'S OPENING REMARKS

Senator SHELBY. The subcommittee will come to order. Today we welcome the NASA Administrator Dr. Michael Griffin, who has joined us to testify on the President's fiscal year 2007 budget request for the National Aeronautics and Space Administration (NASA).

The proposed budget for NASA is \$16.8 billion. After accounting for one-time supplemental funds provided for Katrina-related expenses, the increase to NASA-based programs becomes \$519 million, an increase of just over 3 percent. The requested increase can be attributed to nearly \$900 million to fund the Vision and Exploration Program. While this is a significant increase, there are a number of programs slated for decreases that are troubling. Specifically, funding for aeronautics and education have been cut, and science has been shortchanged with little hope for funding in future years that I see now.

Dr. Griffin, I feel that fulfilling NASA's goals including returning to the Moon are important and will take more than just plans for rockets and research missions. It will also take a sound financial structure, as we've talked about, a skilled workforce, and capable management. One of the greatest challenges that I believe NASA faces is building and retaining a technical workforce that we have talked about. NASA is one of the most publicly recognized agencies within the Federal Government. Such high visibility can be a powerful tool for aspiring future scientists, engineers, and explorers. The success of NASA programs in science and exploration seen by students today is the inspiration needed to attract the young people of this Nation to the careers of tomorrow.

Further investment in education is the direct link to future generations. I believe we agree that we must continue to encourage young people to explore these educational avenues and endeavor to carry on the important research and exploration capabilities for which NASA is so well known. It is a serious issue that must be addressed in order to ensure that future exploration in space can occur, and one that I do not believe should be sacrificed.

Dr. Griffin, this budget before us reflects the process of implementing the Vision for Space Exploration, and I understand that the path was laid out in the exploration systems architecture study. I believe that the intent of the study is commendable in its aim to reach the goal of returning to the Moon in a fiscally prudent, and safe manner. However, it is my hope that such implementation can be accomplished while maintaining the capabilities that NASA has developed in other areas of its mission. I do not believe that we should sacrifice important capabilities that will be vital to future missions and efforts at NASA in trying to attain this goal. I believe that we can and should find a balance, and I believe you will.

The path laid out for returning to the Moon is contingent on several factors. However, we are both keenly aware that any unexpected bump in the path could pose significant challenges to NASA's long-term plans. Today we can point to the sizable funding requirements of the space shuttle, as well as the ongoing construction of the International Space Station (ISS) as hefty fiscal burdens on NASA's ability to continue down the path laid out in the Vision for Space Exploration.

The evident strain on funding in the science missions and aeronautics budgets for NASA are indicators that we are traveling down a tenuous path. Return to Flight and the implementation of the Exploration Vision are a significant financial strain on NASA, and, therefore, require other aspects of NASA to remain relatively flat or decline over the next 5 years. It is all important.

I also believe that we will have an ongoing dialogue over the course of the year about NASA's ability to achieve the President's vision for space exploration. I am very interested in discussing how NASA will preserve its ongoing programs and how it will modernize its institutions and facilities which are critical to NASA's success in the coming years. Again, I believe that we can, and we have to, strike an appropriate balance.

The Vision laid out by the President in 2004 calls for a return to the Moon, and building upon that foundation to eventually set foot on another planet. I am excited by the opportunities that lay ahead with the Exploration Vision at NASA, but I must point out that there are fiscal realities that may affect the vision.

Dr. Griffin, I believe that this subcommittee has made every effort to work with you, and we will continue to do that, to provide NASA with the appropriate level of funding in an effort to ensure that roles and missions are protected and preserved. Along with that funding comes a fair amount of direction, but the subcommittee has provided NASA with reprogramming flexibility to react to those bumps in the path that I discussed. However, in return, there is the expectation that NASA will be a wise steward of taxpayers' dollars. I am concerned that the financial systems for

NASA have earned the worst rating possible from the administration with little progress toward correcting the problem over the past 3 years. I realize that you have not been there all that time. Even more troubling is a recent report of NASA having violated the anti-deficiency laws. These reports come at a time when NASA is holding an unprecedented amount of unobligated funds while claiming to need every additional dollar in order to accomplish the missions they have set out before them. Such reports have a tendency to erode confidence in NASA's ability to responsibly manage the funds that have been appropriated. Dr. Griffin, I appreciate, as I said a minute ago, that you have only been in your position for about 1 year, and I trust that you are working diligently, and I want to work with you to correct these problems, and ensure that there will be no further issues in complying with anti-deficiency laws. In addition, I expect that we will continue to discuss the unobligated balances that NASA has accumulated over the years and how those best can be utilized toward moving forward.

I look forward to hearing your insights on how NASA can do better, your views, and the challenges ahead.

Senator SHELBY. Senator Mikulski.

RANKING MINORITY MEMBER MIKULSKI OPENING REMARKS

Senator MIKULSKI. Thank you very much, Mr. Chairman, and again I, too, wish to welcome Dr. Griffin.

It has been a very busy and in many ways successful year for NASA, and I believe it is today that we celebrate the 25th anniversary of the first shuttle flight, in which we thought the shuttle was going to do wonderful things, and it did, but now the shuttle is getting old and we need to be able to look ahead.

There have also been an amazing set of accomplishments in science. Dr. Bennett, of my very own Johns Hopkins, saw the first light, and actually almost the beginning, of the Big Bang through a gamma ray burst. We are looking at how we can successfully launch the mission to Pluto by a team at APL; Cassini, the probe that gave us the best pictures on Saturn; and of course, the Hubble telescope and many other things.

Despite what we have been able to do, and despite the successes of NASA, it has been a difficult year for NASA. The cost of running the space shuttle to flight has run into delays which are absolutely crucial to ensure our number one priority, the safety of the astronauts, but it has also increased by \$2.4 billion. Hurricane Katrina caused over \$600 million of damage to two NASA centers, and hats off to how the employees saved so much of the facility, and know even slept on floors, but nevertheless, will be a tremendous cost to rebuild, and the years of flat budgets have put great stress on all of NASA's programs.

In looking at areas ahead, we know that we are facing new external challenges; a challenge from China. We know China wants to go to the Moon. We know that they want to be the first to go back to the Moon. We cannot let China be the first back to the Moon. I know we have to go to the Moon and go in a way that we can stay there for a variety of reasons.

At the same time, the President has challenged us and worked with us on a bipartisan basis to be competitive, to promote innova-

tion and discovery, to focus on education and research, innovation-friendly government. But we are concerned as we have responded to the call raised in the excellent report "Gathering Storm," that NASA was left out of that. I felt so strongly about that in a bipartisan meeting at the White House, to talk with the President about how his bold vision of returning to Mars was exactly what could inspire people, promote the development of incredible technology and breakthroughs that would help inspire the next generation of scientists, engineers and technologists, but also the kinds of new technologies that end up in the marketplace and help us be an economic superpower.

What we have seen though is a fairly flat budget, a modest increase, but we are deeply concerned about the consequences of what we see here. NASA's role in promoting science is not included in the budget in the way we had hoped. Science is cut over \$2 billion; Mars; solar system research; aeronautics research which is cut by \$100 million which is so crucial. We need a robust science program, we do need human exploration, we do need a crew return vehicle (CRV), but we know that we have enormous stresses in our own appropriations.

I'm going to work with my colleague, Senator Shelby, to find a balanced space program, to get that shuttle flying again and fix that shuttle, so as to move on to our next generation of science, technology, and aeronautics. But I am concerned that we are doing too much with too little money, that we have an aging workforce, we have aging technology, and that, quite frankly, I believe we have to find a way to do more, and we cannot continue to do more with less.

So we look forward to your ideas. We thank you for your leadership and we thank you for your candor. I particularly want to express my appreciation for the way you have handled the question of the ability to speak your scientific views and so on, truth through power, and so we look forward to hearing your testimony today.

Senator SHELBY. Dr. Griffin, your written testimony will be made part of the record without objection, and you may proceed as you wish. Welcome to the subcommittee, sir.

OPENING REMARKS OF MICHAEL D. GRIFFIN

Dr. GRIFFIN. Thank you, Senator Shelby and Senator Mikulski. I am pleased to be here to discuss our fiscal year 2007 budget request and how we are carrying out our missions of space exploration, scientific discovery, and aeronautics research, within the resources provided. With a 3.2 percent increase over last year's appropriation, this budget does represent the President's commitment to our Nation's civil space program, and especially so in view of the many pressures in the wake of Hurricane Katrina and the war on terrorism.

As we begin, I want to thank this subcommittee for its leadership over the past year in providing emergency supplemental funds for NASA's recovery and repair efforts after Hurricane Katrina. We are also very appreciative of the action taken by the Committees on Appropriations, and by the Congress as a whole, in providing \$16.5 billion in fiscal year 2006 appropriations to the agency, and

essentially the level of the President's fiscal year 2006 request before the application of rescissions, as well as the strong endorsement of the Vision for Space Exploration, timely development of the crew exploration vehicle (CEV) and the crew launch vehicle (CLV), and support for NASA's other core programs. We need the help of this subcommittee now, and will continue to need it in the future. Senator Shelby, I want specifically to address the concerns you raised, because I think they are very fair.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION FINANCIAL MANAGEMENT

With regard to NASA's financial management, we delivered to the Congress this past February an integrated cross-NASA corrective action plan to address the findings and recommendations to which you referred that were made by Ernst & Young in the 2005 financial audit. Through this plan we are working toward resolution of those audit issues by the third quarter of this fiscal year, fiscal year 2006. NASA does not control the opinion delivered by its auditors, but we fully expect that resolution of the issues they raised by the third quarter of this year will allow the auditors to perform a complete audit of NASA's 2006 financial statements. We will know when their opinion is released on November 15 of this year. I could not take your concerns more seriously, nor be more personally concerned about them myself.

ANTI-DEFICIENCY ACT VIOLATIONS

You mentioned the ADA violations, Anti-Deficiency Act violations. Two of these did occur as a result of the agency's failure to file apportionment requests in fiscal 2004. The first was of magnitude \$1.6 billion that was obligated in 2005, and a smaller one, \$30.4 million, obligated in 2004. The funds were not willfully or knowingly obligated or overly expended, but that does not excuse the fact that it was done. We did catch it ourselves, and we brought both instances to OMB's attention. Again, that does not excuse the behavior, but we sought to mitigate it to the maximum extent possible. We addressed both of those issues without the need for supplemental funds, and we have implemented corrective actions in our financial accounting chain of command to see to it that they do not happen again. I am certain that our auditors will explore those issues as well.

UNOBLIGATED BALANCES

With regard to the point you made about unobligated balances, it is true that as we sit here today we have \$625 million presently unobligated. Ninety-six percent of funds have been obligated. Of the \$625 million, \$108 million is for construction, and \$517 million is for nonconstruction activities. We have definite plans for all of these funds. All of them will be obligated, and all of the funds are required or programs that have been approved by this Congress. I say again, I am happy to work with your staff or with you as Members to convince you that these statements that I am making today are true. I have been here but a year, however, I fully accept and in fact require ownership of these problems that you have raised.

They became my problems on April 14 of last year when the Senate confirmed me, I do own them and we are working toward a resolution.

In many ways, Mr. Chairman, NASA is a victim of its own success. Our can-do attitude toward the Nation's greatest technical challenges has left many people believing that NASA can do anything and everything. I hate to say it, but I am here to testify before you that NASA cannot do everything that our many constituencies would like us to do within our proposed \$16.8 billion budget. I am truly sorry that this is so, but it is a fact. Given this fact, I believe that the President's fiscal year 2007 budget request before this Congress strikes a careful, disciplined approach to meeting congressional priorities and Presidential priorities for the Nation's civil space program within the resources we have. NASA must go as we can afford to pay across our entire mission portfolio of human space flight, science, and aeronautics.

To gain a sense of perspective, I think it is useful to recall that at the peak of the Apollo Program, NASA's budget represented 4.4 percent of Federal outlays. Today, NASA's top line is six-tenths of 1 percent of the Federal budget. During Apollo, NASA funding employed over 400,000 contractors, civil servants, technicians, scientists, and engineers across all of its programs, and more than that. Today, NASA employs about 75,000 full-time equivalent employees throughout the aerospace industry. NASA cannot and should not in this fiscal environment try to do everything. We need to set priorities carefully, and we need to execute our programs to match the resources available with incredible schedules.

NATIONAL PRIORITIES

The national priorities that we have that have been agreed upon by this Congress are, to fly the space shuttle as safely as possible while using it to complete the assembly of the International Space Station, using the minimum number of flights necessary to do that, and to fulfill our commitments to international partners. To conduct a space shuttle servicing mission if technically possible to the Hubble space telescope, pending outcome of the next Return to Flight mission. To retire the space shuttle in 2010, and to bring online a new crew exploration vehicle and crew launch vehicle not later than 2014, and possibly sooner. To develop a space shuttle derived heavy lift launch vehicle to enable lunar missions not later than 2020, and later missions to Mars and other destinations. To develop a balanced program of space and Earth science, along with aeronautics research, that appropriately leverage the new direction of NASA's Human Space Flight Program. To pursue appropriate commercial and international partnerships, especially with the International Space Station.

These priorities require a careful balance of time, money, and energy within the overall agency budget. Thus, our budget request shifts resources to the space shuttle and the International Space Station from both science and exploration, to ensure that our highest priorities have the resources necessary to accomplish them between now and 2010. NASA's science missions remain one of our Nation's greatest achievements, but we must defer some missions that we would prefer to do sooner but simply cannot afford at this

time. We will continue to maintain a robust portfolio of missions and research within the \$5.33 billion science budget requested for fiscal year 2007. NASA is listening to the priorities of the science community in this process, and we will keep this subcommittee informed if we believe that any adjustments in mission or research priorities within that planned total funding are necessary.

AERONAUTICS RESEARCH

In aeronautics research, NASA is developing a national policy and plan in concert with the White House, Office of Science and Technology Policy, and other Federal agencies, including the Department of Defense (DOD) and the Federal Aviation Administration (FAA), a policy which dedicates us to the mastery and intellectual stewardship of the core competencies of aeronautics in all of its flight regimes. This plan will focus our research efforts on those areas appropriate to NASA's unique capabilities. We hope to provide this plan which will inform future budget resource decisions to the Congress by December as required in our authorization act.

BALANCING THE BUDGET

Mr. Chairman and members of the subcommittee, NASA's fiscal year 2007 budget request represents a careful balance, conscientiously apportioned. We will need your help to maintain that balance. As this subcommittee proceeds to mark up our appropriation for fiscal year 2007, I most strongly urge you to avoid the temptation to rob Peter to pay Paul by taking funds from NASA's replacements for the space shuttle, the CEV and CLV, to pay for science missions beyond the \$5.33 billion requested. Doing so will delay the CEV beyond 2014, and will exacerbate problems in safety, workforce, and, frankly, perceptions of a loss of U.S. leadership in space during this gap in human space flight.

Likewise, it is important to fly out and retire the space shuttle in a safe and orderly manner. The next several years are critical as we effect this transition from the space shuttle to the crew exploration vehicle. Indeed, this is NASA's greatest management challenge, and we will need your help to meet it.

The Space Shuttle Program is dealing with many technical issues today, not least of which is fixing the external tank foam shedding problems. I believe we have a grasp on those issues, and I invite Members and staff of this subcommittee to their next launch which will be space shuttle *Discovery* STS-121. The launch window opens in July, and we are making preparations for it, but we will fly only when we are ready.

I must also ask your help in considering limits to redirection of funds to pay for congressional interest items. Back in fiscal 1997, specific direction for NASA constituted only \$74 million for six specific projects. In fiscal year 2006, NASA was earmarked at a total of \$568.5 million for 198 projects and programmatic increases. We and I fully acknowledge the prerogative of the Congress to direct and appropriate funds, but we desperately need your help and that of your staff to minimize impact on our proposed programs and activities. We simply cannot afford everything that everyone would like us to do.

EMERGENCY SUPPLEMENTAL FUNDS

We are also asking for this subcommittee's help in providing some flexibility to use as much as \$60 million in emergency supplemental funds to reimburse our space shuttle and space station programs for the funds used last fall to pay for immediate Hurricane Katrina damage recovery. We are still refining estimates of the total cost for the repair, refurbishment, and hardening of our facilities at Michoud assembly facility and the Stennis Space Center, but our most recent estimate is a little bit less than \$500 million. As you consider the pending emergency supplemental appropriations bill, I ask that you favorably consider this legislative provision enabling flexibility for NASA. As we continue to refine our total estimates for Katrina recovery, we will keep the subcommittee fully informed as to how we would use this flexibility. I look forward to working with you to address this matter, and I think at this point it is good to thank the subcommittee for the help you have provided within the last two hurricane seasons which have been especially tough on NASA's facilities in Florida, Louisiana, and Mississippi. I regret to say that I will probably be counting on your help in the future.

HUMAN SPACE FLIGHT

Space flight remains a dangerous endeavor. Following the loss of space shuttle *Columbia*, the Nation's leadership in both the White House and the Congress recognized that the broader goals of human space flight must be worth the cost and risk involved. The Vision for Space Exploration articulates just such goals, goals which are worthy of pursuit by a great nation. Our purpose is not to impress others, or merely even to explore the Moon and Mars, but, rather, to advance U.S. scientific, security, and economic interests through leadership in the grandest expression of human imagination of which we can conceive. Put simply, human space flight is today one of those strategic capabilities that define a nation as a superpower. Other nations and societies aspire to this capability and have achieved it, or will. The United States once surpassing command of this arena has vanished, but international cooperation leavened with a healthy dose of competition is what makes the United States the greatest country in the world. The pursuit of this vision requires technical excellence, hard work, sacrifice, and the necessary resources, but we also need leadership and we need the help of this Congress.

PREPARED STATEMENT

Mr. Chairman and ranking member Mikulski, we have a long journey ahead of us. We need your help. I look forward to working with you and the members of the committee. Thank you.

Senator SHELBY. Thank you, Dr. Griffin.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL D. GRIFFIN

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to appear today to discuss NASA's plans as represented in the President's fiscal year 2007 budget request for NASA. I will outline the highlights of our budget request and discuss the strategic direction for NASA in implementing the priorities

of the President and Congress within the resources provided. The President's fiscal year 2007 budget request for NASA of \$16,792 million demonstrates his commitment to the Vision for Space Exploration and our Nation's commitment to our partners on the International Space Station. The fiscal year 2007 budget request is a 3.2 percent increase above NASA's fiscal year 2006 appropriation, not including the \$349.8 million emergency supplemental for NASA's recovery and restoration efforts following Hurricane Katrina. However, let me put NASA's budget into perspective. NASA's budget is roughly 0.7 percent of the overall Federal budget. This is a prudent investment to extend the frontiers of space exploration, scientific discovery, and aeronautics research. With it, we enhance American leadership, our safety and security, and our global economic competitiveness through the technological innovations stemming from our space and aeronautics research programs. Our Nation can afford this investment in NASA.

On January 14, 2004, President George W. Bush announced the Vision for Space Exploration to advance U.S. scientific, security, and economic interests through a robust space exploration program. NASA is very appreciative of the action by the Committees on Appropriations and Congress in providing regular fiscal year 2006 appropriations for the Agency totaling \$16,456.8 million—essentially the level of the President's fiscal year 2006 request before application of rescissions—including a strong endorsement for the Vision for Space Exploration, timely development of the Crew Exploration Vehicle (CEV) and Crew Launch Vehicle (CLV) and support for NASA's other core programs. NASA is also grateful to the Congress for endorsing this Vision last December in the NASA Authorization Act of 2005 (Public Law 109-155) and providing guidance and expectations for us in carrying out the Agency's missions of space exploration, scientific discovery, and aeronautics research. To that end, NASA is implementing the priorities of the President and Congress within the resources available. NASA carries out its missions with a "go as you can afford to pay" approach where we assume NASA's top line budget will grow at the moderate rate laid out in the President's 2007 budget request. NASA's Strategic Plan and fiscal year 2007 Congressional Budget Justification, provided to the Congress in February, reflect those priorities and describe how NASA is implementing those policies into practice by describing our programs, projected resources, and workforce needs.

As part of his fiscal year 2007 budget request to Congress, the President proposed the American Competitiveness Initiative, or ACI, to encourage American innovation and strengthen our Nation's ability to compete in the global economy. Many have asked why NASA is not a part of the ACI. My response is that it is the mission of NASA to pioneer the future of space exploration, scientific discovery, and aeronautics research, while the ACI is focused on bolstering the Nation's economic competitiveness in areas such as information technology and nanotechnology. NASA contributes to the Nation's competitiveness through all of the cutting-edge exploration, science, and aeronautics investments accomplished by our Mission Directorates. As part of the President's Vision for Space Exploration, NASA expects to spawn entire new industries in this Nation. Furthermore, NASA's education and training initiatives are designed to enhance math and science education, as well as to provide research opportunities at the university level. We are currently reviewing our portfolio of education programs to assess opportunities for potential collaboration at the invitation of the Department of Education, National Science Foundation, and other Federal agencies. NASA can offer opportunities and inspiration to students as no one else can. For example, a University of Colorado-Boulder student-built experiment on the New Horizons mission is currently being activated and will be operated by university students all the way to Pluto and beyond.

IMPLEMENTING THE VISION

Later this year, NASA will continue the assembly of the International Space Station (ISS) with the minimum number of Space Shuttle flights necessary to fulfill our commitments to our international partners before the Space Shuttle's retirement in 2010. The commitment of resources in the President's budget has shown our international partners that NASA and the United States are good partners through thick and thin and this commitment will encourage them to team with us in future endeavors of space exploration and scientific discovery. NASA has consulted with our international partners on the configuration of the ISS, and is working closely with them to determine the crew size and logistics necessary during this assembly period as well as the period following the retirement of the Space Shuttle. The heads of space agencies from Canada, Europe, Japan, Russia and the United States met at Kennedy Space Center on March 2, 2006, to review ISS cooperation and endorse a revision to the ISS configuration and assembly sequence. The partners reaffirmed their agencies' commitment to meet their mutual obligations, to implement six per-

son crew operations in 2009, and to conduct an adequate number of Space Shuttle flights to complete the assembly of ISS by the end of the decade. The partners also affirmed their plans to use a combination of transportation systems provided by Europe, Japan, Russia, and the United States in order to complete ISS assembly in a timeframe that meets the needs of the partners and to ensure full utilization of the unique capabilities of the ISS throughout its lifetime. The fiscal year 2007 budget request provides the necessary resources to purchase Soyuz crew transport and rescue for U.S. astronauts as well as needed Progress vehicle logistics support for the ISS from the Russian Federal Space Agency. Likewise, the fiscal year 2007 budget request provides necessary funds for U.S. commercial industry to demonstrate the capability to deliver cargo and/or crew to the ISS. If such cost-effective commercial services are successfully demonstrated, NASA will welcome and use them.

The next return to flight test mission, STS-121 commanded by Colonel Steve Lindsey, will confirm that we can safely return the Space Shuttle to its primary task of assembling the ISS. We have continued to reduce the risk associated with the release of foam debris from the external tank by eliminating the liquid hydrogen and the liquid oxygen protuberance air load ramps. We are now working toward a July launch, which is the next available lighted launch window as mandated for STS-121. The window is open from July 1 through July 19. NASA will launch when ready. Pending the results of this test flight, I plan to convene my senior management team for space operations as well as my Chief, Safety and Mission Assurance and my Chief Engineer in order to determine whether the Space Shuttle can safely conduct a fifth servicing mission to the Hubble Space Telescope in 2007-08. NASA's fiscal year 2007 budget provides the necessary resources to conduct this mission.

In previous budget requests, NASA reported only placeholder budget estimates for the Space Shuttle for fiscal year 2008-2010. The Agency's management focus on return to flight efforts of the Space Shuttle resulted in NASA deferring this analysis until the fiscal year 2007 budget. As I testified before Congress last year, NASA's estimates of the budget shortfall required to safely fly out the Space Shuttle with the minimum number of flights necessary to complete ISS assembly and meet our international partner commitments were \$3-\$5 billion. With the fiscal year 2007 budget runout, NASA has added \$2.4 billion to the Space Shuttle program and almost \$1.5 billion to the International Space Station in fiscal year 2008-2010 compared to the fiscal year 2006 budget runout. There is no "new money" for NASA's top line budget within the budget projections available given our Nation's other pressing issues, so, working with the White House, NASA provided sufficient funds for the Space Shuttle and ISS programs to carry out their missions by redirecting funds from the Science and Exploration budgets.

There are several strategic implications behind this decision. Foremost among them is that our Nation will keep its commitment to our international partners on the ISS. Thus, with limited resources, we made some difficult decisions. Leadership means setting priorities of time, energy, and resources, and I have tried to make these decisions with the best available facts and analysis. The plain fact is that NASA simply cannot afford to do everything that our many constituencies would like the Agency to do. We must set priorities, and we must adjust our spending to match those priorities. NASA needed to reallocate budgeted funds from the Science and Exploration budget projections for fiscal year 2007-2011 in order to ensure that enough funds were available to properly support the Space Shuttle and the ISS. Thus, NASA cannot afford the costs of starting some new science missions at this time. It is important to know that NASA is simply delaying missions, not abandoning them. With the limited resources available, I believe that fulfilling our commitments on the International Space Station and bringing the Crew Exploration Vehicle (CEV) online in a timely manner, not later than 2014 and possibly much sooner, is a higher priority than these science missions during this period.

There are several reasons not to delay the CEV farther. First and foremost is increased risk to the Vision due to an extended gap in our Nation's ability to launch humans into space after we retire the Space Shuttle in 2010. I experienced firsthand the stagnancy in the aerospace industry that existed during the gap in human spaceflight between the end of the Apollo program and the first flight of the Space Shuttle in 1981, and I know that our Nation's space program suffered greatly from the unintended loss of critical expertise. Our Nation's space industrial base withered. A longer gap in U.S. human spaceflight capabilities will increase risk and overall costs and lead to even more delays in pursuing the Nation's vision. Equally important, the United States may risk a perceived, if not a real loss of leadership in space exploration, if we are unable for an extended period to launch our astronauts into space when other nations are establishing or building on their own abilities to do so. An extended gap in U.S. human spaceflight capabilities also increases

our risk posture to adequately maintain and utilize the ISS and, unless a commercial capability arises to transport our astronauts, NASA would continue to be reliant on the Russian Soyuz.

Thus, further delays in the CEV are strategically more damaging to our Nation's space program than delays to these other science missions. I stand by my decision regarding how to implement the priorities of the President and Congress within the resources provided, and I will work closely with our stakeholders in Congress and the scientific community to make sure they understand my rationale. Some of our stakeholders will not agree with my position, but it is important for everyone to understand the rationale. These are difficult decisions, but we must balance the competing priorities for our Nation's civil space and aeronautics research endeavors with the limited resources available.

If the funds budgeted for Exploration Systems were to be used to provide additional funds for Science missions, additional Aeronautics Research, or other Congressionally-directed items, I must advise the Congress that such redirection of already-budgeted funds will directly impact NASA's ability to effectively and efficiently transition the workforce and capabilities from the Space Shuttle to the new CEV systems. Funds available to carry out this transition are already lean, with little management reserve or margin for error. This transition from the Space Shuttle to the CEV is NASA's greatest management challenge over the next several years, and we will need everyone's help within NASA, industry, and our stakeholders to make the transition successful.

Beyond fulfilling our existing commitment, NASA's fiscal year 2007 budget provides the necessary resources to carry out the next steps of the Vision for Space Exploration. The fiscal year 2007 budget provides \$3,978 million for Exploration Systems. Last summer, NASA defined the architecture for the exploration systems that will be necessary in carrying forth that Vision, and we notified the Congress of NASA's need to curtail several research and technology activities not directly contributing to the near-term priorities of timely development of the CEV and Crew Launch Vehicle (CLV) based on the results of that exploration architecture study and the limited funds available. I want to thank the Congress for its endorsement of the general architecture plans in the fiscal year 2006 Appropriations Act for NASA (Public Law 109-108) as well as the NASA Authorization Act of 2005 (Public Law 109-155).

The fiscal year 2007 budget request is sufficient to bring the CEV online no later than 2014, and potentially much sooner. Given the analysis I have today and the need to balance budgets with proposed development work for the CEV and launch vehicles along with the cost estimates for that work, I cannot be more specific for our stakeholders in the White House and Congress at this time about the specific point between 2010 and 2014 when NASA will be able to bring the CEV online. NASA requested industry proposals for the CEV, and we have considerable incentives for an industry bidder to propose a planned development for the CEV as close to 2010 as possible. NASA has begun to evaluate those industry proposals, with a planned contract award in late summer/early fall 2006. NASA plans to select one industry contractor team for the design and development of the CEV. Concurrently, NASA will refine its independent cost estimates for the CEV and launch systems as well as find cost savings through workforce synergies and contract efficiencies between the Space Shuttle and CEV launch systems within the budget profile projected in fiscal year 2007. We believe we can find synergies and contract efficiencies by sharing or transferring subsystems, personnel, resources, and infrastructure between the Space Shuttle propulsion elements and the CEV, CLV, and Heavy-Lift Launch Vehicle. I believe that with the fiscal year 2007 budget, NASA and industry have a real opportunity to make the CEV operational sooner than 2014. I should be able to report a more definitive date for bringing the CEV online by the time we award the CEV contract. Until then, NASA is in the midst of source selection for the CEV procurement, and we are limited in our ability to provide information in this competitive environment involving a multi-billion dollar procurement.

For the CLV, NASA has directed two industry teams to begin initial development of the vehicle's propulsion systems, and to develop designs for the CLV upper stage. The Agency also plans to award design, development, test, and evaluation contracts later this year. NASA is planning a systems requirements review for this project in the fall with a preliminary design review in 2008 in order for this new launch vehicle to be ready for when the CEV comes on-line.

While NASA needed to significantly curtail projected funding for biological and physical sciences research on the ISS as well as various research and technology projects in order to fund development for the CEV, the U.S. segment of the ISS was designated a National Laboratory in the NASA Authorization Act. Thus, NASA is seeking partnerships with other government agencies like the National Science

Foundation, Department of Defense, National Institutes of Health (NIH), Department of Energy, and the National Institute of Standards and Technology as well as the commercial sector to conduct research onboard the ISS. However, the research utilization of the ISS is impacted due to limited cargo and crew transportation. For this reason, NASA's need for investment to spur a commercial cargo and/or crew transportation service is even more compelling.

SCIENTIFIC DISCOVERY

In 2005, NASA's science missions enjoyed a year of significant achievements. Deep Impact traveled 268 million miles to meet comet Tempel 1, sending its impactor to collide with the comet and providing researchers with the best-ever comet data and images. The Mars twin rovers continue studying the harsh Martian environment, well beyond their expected mission life. Cassini may have found evidence of liquid water erupting from below the surface of Saturn's moon Enceladus. The Mars Reconnaissance Orbiter successfully launched and went into orbit around Mars, to help us better understand the history of water on Mars. The Voyager 1 spacecraft entered the vast, turbulent expanse of the heliosheath, 8.7 billion miles from the Sun, where no human-made object has traveled before. The Hubble Space Telescope continues its successful mission of discovery and exploration. Among its many achievements was the discovery that Pluto may have three moons, offering more insights into the nature and evolution of the Pluto system and Kuiper Belt. Through coordination of observations from several ground-based telescopes and NASA's Swift and other satellites, scientists solved the 35-year old mystery of the origin of powerful, split-second flashes of light called gamma-ray bursts. The Tropical Rainfall Measuring Mission (TRMM) provided data to aid our understanding of the changes inside a hurricane, helping scientists re-create storms on computer forecast models, which can assist in the forecasting of future tropical cyclone transformations. On January 19, 2006, we successfully launched the New Horizons Mission, beginning its nine year journey to Pluto for scientific discovery. In the near future, we will launch CALIPSO (Cloud-Aerosol Lidar and Infrared Pathfinder Satellite Observations) and Cloudsat from Vandenberg Air Force Base. Together, they will provide new perspectives on Earth's clouds and aerosols, answering questions about how they form, evolve, and affect water supply, climate, weather, and air quality. Truly, this has been a successful year of science achievements—a trend I expect to continue.

NASA's fiscal year 2007 budget request provides \$5,330 million for the Agency's Science portfolio to explore the universe, solar system, and Earth. My decision to curtail the rate of growth for NASA's Science missions is not intended in any way to demonstrate any lack of respect for the work done by NASA Science. On the contrary, NASA's science missions remain one of the nation's crowning achievements, and NASA is a world leader with 54 satellites and payloads currently operating in concert with the science community and our international partners. My decision to slow the rate of growth for NASA's Science missions is simply a matter of how the Agency will use the available resources within the overall NASA portfolio. In fact, the Agency's Science budget has grown much faster than NASA's total budget since fiscal year 1993. In 1992, the Science budget represented only 24 percent of the overall NASA budget while it represents 32 percent of the Agency's budget in fiscal year 2007. NASA's Science budget is moderated to 1.5 percent growth in the fiscal year 2007 budget request compared with the amount appropriated for NASA in fiscal year 2006 (in accordance with NASA's Initial Operating Plan provided to the Committee) and then 1 percent per year thereafter through fiscal year 2011.

In the fiscal year 2007 budget, there are some additional budget shifts within the Science portfolio to rebalance the program to better reflect our original science priorities and consistent with the fiscal year 2006 Budget Amendment. Within the Science budget, the Solar System Exploration budget provides \$1,610 million to fund missions to all solar system bodies and to maintain the Deep Space Network. Mars exploration is kept at roughly its current level of funding which allows missions every 26 months when the Earth and Mars are in planetary alignment. Mars will be the most thoroughly studied planet besides our own Earth. NASA continues a series of openly competed missions for Discovery, New Frontiers, and Scout missions to various planetary bodies in the solar system. Juno, a competitively-selected mission to study Jupiter, is slated to be the next New Frontiers mission, following the New Horizons mission on its way to Pluto after its successful launch in January.

After extensive reviews, NASA has extended the mission operating life of several Earth Science missions including TRMM and Terra, Heliophysics missions such as both Voyager spacecraft, and Astrophysics missions including Chandra and the Wilkinson Microwave Anisotropy Probe.

AERONAUTICS RESEARCH

NASA's fiscal year 2007 request for the Aeronautics Research Mission Directorate is \$724 million. Proper stewardship of this funding requires a coherent strategic vision for aeronautics research, which we are working to develop. While I am concerned that our Nation's aviation industry not lose market share to global competitors, NASA's research must benefit the American public by supporting a broad base of aeronautics research. NASA's aeronautics research cannot and will not directly subsidize work to specific corporate interests. There are fundamental questions in aeronautics research needing to be answered, and NASA will focus its aeronautics research on those issues. NASA will take responsibility for the intellectual stewardship of the core competencies of aeronautics for the Nation in all flight regimes, from subsonic through hypersonic flight. We will also conduct the fundamental research that is needed to meet the substantial challenges of the Next Generation Air Transportation System (NGATS), and we intend to work closely with our agency partners in the Joint Planning and Development Office (JPDO).

Across our aeronautics portfolio, NASA is taking a long-term, strategic approach to our research plans to ensure that we pursue the cutting-edge across the breadth of aeronautics disciplines that will be required to support revolutionary capabilities in both air vehicles and the airspace in which they fly. NASA's commitment to technical excellence requires a commitment to rigor and discipline and will not focus on demonstrations that lack the traceability and scalability required for true scientific and engineering advancement. Hence, we are turning away from the four-demo approach proposed last year under the Vehicle Systems Program. Instead, our Fundamental Aeronautics Program will focus on fundamental research that addresses aeronautics challenges in areas such as aerothermodynamics, acoustics, propulsion, materials and structures, computational fluid dynamics, and experimental measurement techniques. The Fundamental Aeronautics Program will generate data, knowledge, and design tools that will be applicable across a broad range of air vehicles in subsonic (both fixed and rotary wing), supersonic, and hypersonic flight.

In the Aviation Safety Program, NASA is developing strategic research plans, ensuring that the research conducted will lead to capabilities and technologies for improving safety consistent with the revolutionary changes anticipated in air vehicles foreseen in the future. The focus will be vehicle-centric, with areas of research that include vehicle health management, resilient aircraft control, aging and durability challenges, and advanced flight deck technologies.

In the Airspace Systems Program, NASA will conduct the fundamental research required to bring about the revolutionary capabilities articulated in the JPDO's vision for the NGATS. Our research will focus on the development of future concepts, capabilities, and technologies that will enable major measurable increases in air traffic management effectiveness, flexibility, and efficiency.

In addition to the Aeronautics Research Mission Directorate's three research programs, NASA is committed to preserving as national assets those aeronautics test facilities which are deemed mission critical and necessary to meet the needs and requirements of the Agency and the Nation. NASA has established the Aeronautics Test Program (ATP), a component of the Shared Capability Assets Program (SCAP), as a long-term, funded commitment by NASA to retain and invest in test capabilities that are considered important to the Agency and the Nation. ATP's purpose is to ensure the strategic availability of the requisite, critical suite of wind tunnel and ground test facilities which are necessary to meet immediate and future National requirements.

As part of our overall portfolio, NASA program managers and researchers will work closely and constructively with industry, academia, and other Government entities to enhance our Nation's aeronautics capability. In this vein, as a principal member of the interagency JPDO, NASA has established investment priorities that directly address the research and development needs of the NGATS which will enable major increases in the capacity and mobility of the U.S. Air Transportation System. NASA also plans to collaborate closely with industry and academia through the use of competitive research awards and Space Act agreements on prospective research work in line with the critical thrust areas of the Aeronautics program that will enable numerous commercial aviation and scientific applications. Our goal is to focus our total research investments on fundamental aeronautics questions that need to be answered, and that will benefit the broader community of academia, industry, and Government researchers. We will transition the achievements from NASA's Aeronautics research and technology for use by both Government and industry. Additionally, and in line with the refocused program's priorities, NASA will leave to others work more appropriately performed or funded by other Agencies or the private sectors.

In accordance with the fiscal year 2006 Science, State, Justice, Commerce, and Related Agencies Appropriations Act (Public Law 109–108), NASA and the Office of Science and Technology Policy have been jointly developing a National Aeronautics Research and Development Policy which will establish a long term policy and guidance for future aeronautics research and development activities. This policy will establish the appropriate role for Federal investment in U.S. aeronautics research: near- and far-term, high-priority objectives; roles and responsibilities of the multiple agencies involved; and, guidance on related infrastructure and workforce challenges.

CROSS-AGENCY SUPPORT PROGRAMS

In the fiscal year 2007 budget, NASA proposes a new direct budget category for programs that cut across NASA's portfolio of space exploration, scientific discovery, and aeronautics research. These Cross-Agency Support Programs include: NASA's Education programs funded at \$153.3 million; Advanced Business Systems, or more commonly known as the Integrated Enterprise Management program, is called out as a separate program rather than being budgeted from within Corporate and Center General and Administrative accounts and is funded at \$108.2 million; NASA's Innovative Partnership Program, including Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR), has been transferred from Exploration Systems so that these partnerships may better address Agency-wide needs and is funded at \$197.9 million. Also, the Shared Capabilities Assets Program is funded at \$32.2 million (with additional funding located in the Mission Directorates) and will ensure that NASA's unique facilities (e.g., wind tunnels, rocket engine test stands, high-end computing, thermal vacuum chambers, and other capital assets) are adequately managed with agency-level decision-making to address NASA's and the Nation's needs.

NASA's Education budget request sustains our commitment to excellence in science, technology, engineering and mathematics (STEM) education to ensure that the next generation of Americans can accept the full measure of their roles and responsibilities in shaping the future and meeting the workforce needs to implement the Vision for Space Exploration. NASA will continue to provide innovative programs that use STEM resources (NASA content, people and facilities) to inspire the next generation of explorers and innovators. I have outlined three primary goals for our education investments: (1) strengthening NASA and the nation's future workforce; (2) attracting and retaining students in the STEM pipeline; and, (3) engaging Americans in NASA's mission through partnerships and alliances. The greatest contribution that NASA makes in educating the next generation of Americans is providing worthy endeavors for which students will be inspired to study difficult subjects like math, science, and engineering because they too share the dream of exploring the cosmos. These students are our future workforce. Our education investment portfolio is directly linked to our overall workforce strategy.

NASA WORKFORCE STRATEGY

The Vision for Space Exploration is a unique endeavor that will last many generations. The NASA management team has been working to build NASA as an institution having ten healthy field Centers known for technical excellence. We continue to define program management and research roles and responsibilities for each Center in order to carry out NASA's missions of space exploration, scientific discovery, and aeronautics research. All of our centers must contribute to NASA's primary missions. We are beginning the process of assigning specific research programs and projects to appropriate NASA Centers. We are not done, but we are taking the necessary steps to make it happen.

We have many challenges in the Agency, but none more important than the technical excellence of NASA's workforce. Likewise, we are beginning to address the problems posed by the aging of NASA's facilities and physical assets. The overall objective is to transform the composition of NASA's workforce so that it remains viable for the long-term goals of NASA's missions. We have a lot of work cut out for us in the coming months and year ahead in assigning these program responsibilities and re-building the Agency's technical competence in performing cutting-edge work. NASA has been addressing the challenge of mitigating the number of civil service employees in the Agency that are not currently assigned or supporting NASA programs (the so-called "uncovered capacity") through a number of means, which were addressed in a draft report, shared with the Subcommittee in February in compliance with the NASA Authorization Act of 2005. The final workforce report, reflecting input from our unions, was provided to the Subcommittee earlier this month. NASA will conduct a reduction in force of our civil servants only as an action of last resort consistent with our statutory constraints. Instead, NASA is focusing its

efforts to solve its uncovered capacity workforce problems through a number of other actions, including the assignment of new projects to research Centers that will strengthen their base of in-house work, the Shared Capability Assets Program that should stabilize the skills base necessary for a certain specialized workforce; the movement of certain research and technology development projects from certain centers not suffering from uncovered capacity problems to centers that are; retraining efforts at field centers so that the technical workforce can develop new skills; and the pursuit of reimbursable work for projects and research to support other government agencies and the private sector through Space Act Agreements.

NASA'S FINANCIAL MANAGEMENT

Earlier this month, NASA notified the Committee that it had two violations of the Antideficiency Act. The violations resulted from the Agency's failure to request from the Office of Management and Budget timely reapportionment of Congressionally-approved fiscal year 2004 funds and timely apportionments of unobligated balances carried over from fiscal year 2004 to fiscal year 2005. The Agency has corrected the errors without the need for additional appropriations. The Agency has also identified the root cause of these errors and has addressed them through its aggressive staff training and process improvements.

NASA has continued to make progress in addressing its other financial management and reporting challenges. The Office of Management and Budget has recently provided feedback to NASA affirming the Agency's progress. The Agency finalized a Corrective Action Plan addressing financial weaknesses identified in NASA's 2005 financial audit. The plan was delivered to the Congress, specifically at the request of the Subcommittee on Space and Aeronautics of the Committee on Science and the Subcommittee on Government Management, Finance and Accountability of the Committee on Government Reform, on February 15, 2006. It incorporates the expert advice of NASA's Inspector General. In addition, we have reviewed the plan with the Office of Management and Budget. This Corrective Action Plan provides an integrated, cross-NASA approach to resolving the Agency's outstanding deficiencies. Implementation of these corrective actions is reviewed regularly by the NASA Deputy Administrator. While these corrective actions will require some time to implement, NASA remains committed to improving its financial management and reporting.

IMPACT OF EARMARKS ON NASA'S MISSION

NASA pioneers the future in space exploration, scientific discovery and aeronautics research. In order to carry out this mission, NASA awards peer-reviewed science grants and conducts competitively-selected procurements to select research and development projects to benefit the public based on the priorities of the Congress, President, and scientific community. NASA is implementing these priorities within the resources provided. NASA's fiscal year 2006 appropriation totals \$16.623 billion, including \$349.8 million in emergency supplemental appropriations for Hurricane Katrina recovery at NASA facilities in Louisiana and Mississippi. Within this fiscal year 2006 appropriation is a total of \$568.5 million in directed funding for 198 discrete site-specific and programmatic Congressional interest items, a record high in both dollar amount and number of individual items. These Congressional interest items are offset by reductions within NASA's budget, to ongoing and planned NASA programs. Earmarks have increased by a factor of more than 30 in number and almost 8 in dollar value since fiscal year 1997, when NASA was earmarked \$74 million, for 6 discrete items. The growth of these Congressional directions is eroding NASA's ability to carry out its mission of space exploration and peer-reviewed scientific discovery.

In formulating our budget, NASA prioritizes activities to achieve an integrated package of programs and projects to best achieve the priorities that have been provided us by both the President and the Congress. The redirection of funding erodes the integrity of our plans, has resulted in delays and/or cancellation of planned activities, and may conflict with timely development of the CEV. In fiscal year 2006, as a result of earmarks, NASA had to redirect a significant portion of many planned budgets. Fully 50 percent of the planned Education program required redirection, 16 percent of the Innovative Partnerships Program, 5 percent of the Exploration Systems budget, and 4 percent of the Science budget. Further, the scientific community bases its research priorities on a peer-review process. Congressional site-specific earmarks circumvent this process for setting research priorities within the science community and erode the integrity of that process. Site specific earmarks to institutions outside of NASA exacerbate the problems of NASA's "uncovered capacity" workforce, where NASA civil servant scientists and engineers do not have funds for their own research and development projects. As stated in the President's ACI, "The

rapidly growing level of legislatively directed research funds undermines America's research productivity." NASA seeks the assistance of this Committee and Congress in reducing earmarks in the fiscal year 2007 budget process.

NASA'S NEXT STEPS

For the last three decades, NASA and the Nation's human spaceflight program have been focused on the development and operation of the Space Shuttle and the ISS. In its final report, the Columbia Accident Investigation Board (CAIB) was very forthright in its judgment that these goals are too limited to justify the expense, difficulty, and danger inherent to manned spaceflight, given the limitations of today's technology. The CAIB was equally forthright in calling for a national consensus in the establishment of a program having broader strategic goals. The Vision for Space Exploration is that endeavor. The Congress has endorsed it, and NASA is working to implement it. But to effect these changes, NASA must engage in a major transformation—taking the capabilities we have throughout the Agency and restructuring them to achieve a set of goals for the 21st Century that we have outlined earlier this month in our 2006 NASA Strategic Plan. This is an enormous challenge, but we have begun to transform our entire organization to foster these changes and to enhance a positive, mission-driven culture.

The CAIB was also clear in its assessment that the lack of open communication on technical and programmatic matters was a direct cause of the loss of *Columbia*. We have understood and embraced this assessment, and are absolutely and completely committed to creating an environment of openness and free-flowing communication. However, NASA still has to make a number of improvements in its internal communications as well as how we communicate externally to our stakeholders, the scientific community, and the public. NASA is making a concerted effort to address all problems in this area.

For America to continue to be preeminent among nations, it is necessary for us also to lead in space exploration, scientific discovery, and aeronautics research. It is equally true that great nations need allies and partners. The spirit of innovation and the muscle of government and industry are needed to turn the Nation's Vision for Space Exploration into reality. These journeys to the ISS, the Moon, Mars, or even Pluto are the most difficult things our nation does. June Scobee Rodgers, the widow of Dick Scobee, Commander of the Space Shuttle *Challenger* on that ill-fated day twenty years ago, recently noted, "Without risk there's no discovery, there's no new knowledge, there's no bold adventure . . . the greatest risk is to take no risk." We must continue our journey. America, through NASA, leads the way.

INTERNAL WEAKNESSES IN INTERNAL CONTROLS

Senator SHELBY. Can you be a little more specific on addressing the material weaknesses in internal controls that have been reported for several years?

Dr. GRIFFIN. I can be.

Senator SHELBY. Could you do that for the record?

Dr. GRIFFIN. I will do that for the record.

[The information follows:]

INTERNAL WEAKNESSES IN INTERNAL CONTROLS

NASA's independent financial auditors identified three material weaknesses and one reportable condition through its fiscal year 2005 financial audit. The weaknesses are repeat findings from prior financial audits. NASA submitted a Corrective Action Plan in February 2006 to Congress, OMB and NASA's Office of Inspector General that addresses each of the recommendations made by the independent financial auditors. NASA has been executing this plan throughout fiscal year 2006.

For your convenience, we have attached NASA's Financial Management Corrective Action Plan, which provides a complete list of in-process actions to address each material weakness.

ANTI-DEFICIENCY ACT VIOLATIONS PREVENTIVE STEPS

Senator SHELBY. And the next question, what steps have you taken to prevent this type of ADA violation from occurring again? Do you want to do that for the record?

Dr. GRIFFIN. We will do it for the record to get the details right and proper.

Senator SHELBY. That will be fine.

[The information follows:]

ADA VIOLATIONS PREVENTIVE STEPS

NASA agrees with each of the OIG's specific recommendations:

—*OIG Recommendation #1.*—We recommend that the Administrator report the ADA violations for the funds carried over from fiscal year 2004 to fiscal year 2005 for each affected account and for the \$30,413,590 to the President of the United States through the OMB Director, the Speaker of the House of Representatives, the President of the Senate, and the Comptroller General of the Government Accountability Office, as required by the ADA and by OMB Circular A-11, section 145.7

—*OIG Recommendation #2.*—We recommend that the Administrator request a comprehensive demonstration by the OCFO that the appropriations available to be spent in fiscal year 2006 can be traced from appropriation to apportionments to allotments to commitments and to obligations to help ensure that NASA is not violating the ADA for fiscal year 2006

In addition to accepting and acting upon NASA's OIG two specific recommendations, NASA has implemented specific correction actions in the OCFO. These corrective actions include:

—Certification of reconciliations by responsible financial management personnel. Both the Directors of Accounting and Budgeting reconcile NASA appropriations to OMB apportionments. They jointly certify apportionment requests to OMB. This ensures that the operations of each organization, the budget and execution of the budget, are appropriately reflected in NASA financial systems. In addition, a manual of all related apportionment transactions is maintained;

—Met with the NASA OIG to demonstrate that the core financial system has effective system controls that prevent obligations from exceeding apportionment control totals;

—Conducted Appropriations Law training for 30 staff in January 2006, and 8 in March 2006;

—Conducted OMB Circular A-11 training for 24 staff in February 2006. An additional course is currently being scheduled;

—Increased the staff size in the Funds Distribution branch from 7 to 14; and

—Documenting enhanced internal controls, to include: Logging and tracking of all OMB apportionment requests and approvals; and reconciliation of OMB apportionments to Congressionally approved Operating Plans to the funds loaded into the Agency's centralized financial system.

Dr. GRIFFIN. But, basically, we have put additional cross-checks in. We are working on training staff, and we have put additional cross-checks into the system so that it, frankly, does not happen again.

Senator SHELBY. We think that that is important, but I want to say again, Dr. Griffin, you may have inherited a lot of this, and you are strong to say it is your deal now, and it was not always your deal, but it does have to be addressed, as you know.

Dr. GRIFFIN. I thank you for that observation, Senator. You hired me to fix the problems, and we will fix them.

INTEGRATED ENTERPRISE MANAGEMENT PROGRAM

Senator SHELBY. What is NASA's current estimated cost to develop, implement, and maintain the Integrated Enterprise Management Program including those costs incurred to resolve data integrity issues resulting from the initial implementation of the core financial system?

Dr. GRIFFIN. Sir, again, I do not have those figures.

Senator SHELBY. Will you do that for the record?

Dr. GRIFFIN. I will be happy to provide that for the record. We do have that data. I just don't have it right here.
[The information follows:]

INTEGRATED ENTERPRISE MANAGEMENT PROGRAM

The development and implementation costs for NASA's Integrated Enterprise Management Program, including all the hardware, software, civil service labor, contractor labor, travel, and overhead costs associated with re-engineering business processes and implementing business systems for human capital management, financial management, asset management, and procurement and contract management are estimated at \$842 million for the development years 2000 through 2011, consistent with the fiscal year 2007 President's budget request.

Of this total development estimate, \$82.6 million is being expended to update NASA's financial system, which, among other benefits, helps resolve data integrity issues identified with the initial core financial system implementation. Approximately \$50 million per year is expended operating and maintaining this business systems environment.

ROBOTIC LUNAR EXPLORATION PROGRAM (RLEP)

Senator SHELBY. I know it is a complicated question. The Robotic Lunar Exploration Program?

Dr. GRIFFIN. Yes, sir.

Senator SHELBY. Let's get into that. Last December, NASA announced that the Marshall Space Flight Center would be the project lead for the second mission under the Robotic Lunar Exploration Program (RLEP-2). The intent of the announced mission is to land on the lunar surface and search for deposits of water and ice as a precursor to later human missions. Unfortunately, no funding for this mission was included in the President's budget request for fiscal year 2007, and there are concerns that RLEP-2 is no longer a priority for NASA. Could you provide us an update on the overall RLEP program and the current projects under the program, and is the RLEP-2 mission still proceeding as announced, and so forth?

Dr. GRIFFIN. Yes, sir. The concern that you cite that the RLEP Program is not a priority is not a well-founded concern. Indeed, it is a priority. As you know, sir, in order to meet our unfunded obligations for the space shuttle and space station, we had to remove from the Science Program \$2.2 billion over the 5-year run-out, and \$1.6 billion from exploration, the crew launch vehicle and crew exploration vehicle, and those budget hits to the tune of almost \$4 billion have resulted in deferring some missions. We probably will not start RLEP-2 in fiscal year 2007. We will do that mission. Marshall Space Flight Center will continue to retain the project lead for that mission.

Senator SHELBY. You are committed to the mission?

Dr. GRIFFIN. I have committed to the mission. In the wake of difficult funding decisions, I cannot commit to the date, but I have committed to the mission, and to the leadership of the mission and to do so in a timely way to provide precursor information for returning humans to the Moon, but it probably will not start in fiscal year 2007.

Senator SHELBY. Would you give us a status of each of the elements for the next manned spacecraft, specifically focusing on the crew exploration vehicle, the crew launch vehicle, and the launch

operations aspect of the program? I know it is early in the program.

Dr. GRIFFIN. It is, but I can give you a top-level status. If you want more when I am done, I will be happy to provide it for the record.

Senator SHELBY. Sure.

Dr. GRIFFIN. At the top level, since I last met with you in this formal setting, we have refined and issued the request for proposals for the crew exploration vehicle. There are two bidders on that. They have completed and submitted their proposals. The Source Evaluation Board is considering those proposals as we sit here at this moment. Later this spring we will enter into negotiations and oral presentations by those bidders, and this summer we will make a selection for the crew exploration vehicle which will represent a real milestone. It will be the first new development of a piloted space vehicle by this Nation in 35 years.

The crew launch vehicle is the launch side of that. In fact, Marshall Space Flight Center has the lead for that. The crew launch vehicle is coming along slightly behind the crew exploration vehicle. The folks down there are actually led by Program Manager Steve Cook under the management of Center Director Dave King, and are doing a great job pulling together the concept design for that vehicle. We expect to have a request for information out on the street shortly. It will be followed by a request for proposals to industry. That program is on track.

Launch operations modifications down at the Cape are at this point I can only say under study. We have asked for bids from construction contractors to begin work on those systems. Of course, the launch operations infrastructure has to follow from the nature of the launch vehicle and the crew vehicle that it serves, and so it necessarily follows a bit behind. But I am, frankly, real pleased with where we are on that.

Senator SHELBY. I understand progress has been made in the overall Constellation architecture by establishing project offices for the various elements involved. What is the time line for establishing the project offices for the remaining elements of the architecture such as the lunar lander?

Dr. GRIFFIN. The lunar lander is not the current first thing on our plate. We don't need that until starting out around 2012. As I think I just mentioned, Johnson Space Center has the crew exploration vehicle, Marshall Space Flight Center has got the launch vehicles, both the crew launch vehicle and the heavy lift launch vehicle. Kennedy Space Center, of course, will be the site for launch operations. Within those broad assignments of responsibility are our other seven centers. Each will have pieces because the effort overall must occupy all of NASA. By mid-May we will be I think prepared to say at the next level of detail down which elements of the system are going where.

VISION FOR SPACE EXPLORATION

Senator SHELBY. The Vision for Space Exploration is an initiative that will last a long time. While a lot of interest is paid on how much the exploration initiative will cost, an area that must also be addressed is the current state of NASA facilities. Many of the cen-

ters that will play significant roles in the Vision have aging infrastructures, we have talked about this before, and in many cases, buildings that were inherited from other agencies when we last went to the Moon. How does NASA address the need for facilities in this budget? What are the actual funding requirements to truly address the shortfalls in facilities? And do you believe that a worthwhile use of the billions in unobligated balances would provide the agency with the facilities? How do we attack this, I guess is what I'm saying.

Dr. GRIFFIN. Yes, sir, I understand the intent of the question. I must lead by saying that whatever the problem, the source of those funds cannot and should not be the unobligated balances, because although those are unobligated, in the sense that the fiscal accounting people go off in a corner and talk about unobligated funds, yes, they are unobligated.

Senator SHELBY. You have specific plans for them?

Dr. GRIFFIN. Precisely, sir. They are not unspoken for.

Senator SHELBY. That is a good phase, unspoken.

Dr. GRIFFIN. They are not unspoken for. You raise a very important point. NASA's physical infrastructure like many of the other bridges, roads, and buildings that are important to this country's public life, is an aging infrastructure, much of it in our newest buildings in our overall NASA infrastructure, all 10 centers. The newest buildings, the newest centers, by and large are approaching 50 years old, and many go back to World War II, and some are pre-World War II. They are aging, they are expensive to heat, and expensive to maintain. In a perfect world, we would have plenty of money to fix all those buildings. We do not. We have to set priorities.

If I must be made to choose between executing missions, being run out of old buildings, or having new buildings and not being able to execute missions, then I'm going to choose the former. We replace buildings or modify or upgrade them in ones and twos as the need expresses itself, but we simply do not have the funding to embark on a substantial building campaign. I wish that we did.

With regard to the buildings, infrastructure, and facilities needed for the Vision for Space Exploration, just exactly as the launch operations infrastructure at the Cape must follow the definition of the launch vehicle and the crew vehicle, so, too, must the buildings to support the mission follow the definition of all these things. I do not today have a plan for you regarding which of our NASA infrastructure we need for the future and which should be mothballed or demolished. I do not have that plan today.

Senator SHELBY. I agree with you to some extent that the mission must go on and just brick and mortar will not do it, it has to be beyond that, but sometimes you have to have a little brick and mortar to cover the roof.

Dr. GRIFFIN. You do, indeed. We try in our construction of facilities as compared with our mission priorities to set a reasonable balance and to make sure that this subcommittee and your staff knows where we are on that balance.

PROPULSION RESEARCH

Senator SHELBY. On propulsion, the Vision for Space Exploration will require many new technologies and systems to be developed in order to maximize our investment in returning to the Moon. One of these areas that will require ongoing research and development is in the area of, as you have told me before, propulsion. The Marshall Space Flight Center has expertise in this area and has worked on propulsion systems from the time of the last missions to the Moon and to the present. As research and development on Vision-related vehicles and systems begins, what do you anticipate we will need for propulsion research and development this year and in the future? In other words, where are we going and what do we need to get there?

Dr. GRIFFIN. That is an excellent question, and with all respect, the propulsion research needs to implement the Vision for Exploration are at this point rather minimal, and likely to remain so for a little while. One of the things that I tried very hard to do in crafting our exploration architecture was to utilize the technology and infrastructure for which the Nation had already paid in past years and decades. We have available or can restore to production the rocket engines that are needed for the Vision for Space Exploration. We have those today, by and large. That is not the most critical need. In some cases, we may need to resume or restore production on certain units, we may need to make modifications, but it is not in the nature of propulsion research.

If we look much further out to when we are really ready to go to Mars in another 20 years, I would like to believe that the Nation will allocate funding for new propulsion research. I would like to believe that the decisionmakers of those later times will be able to restore research in, for example, nuclear thermal propulsion, one of my highest interest items. We do not need that technology for the Moon which means we do not need it anytime in the next 15 years, and certainly we do not in the next 15 years have the money for it. So what we need to do is we need to restore in this Nation's space program basic capabilities and basic infrastructure that we once owned and we have allowed to atrophy.

Senator SHELBY. When would that research you are talking about begin?

Dr. GRIFFIN. Sometime in the next decade. The research levels would begin sometime in the next decade.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION'S SCIENCE
BUDGET

Senator SHELBY. Dr. Griffin, in order to address the budget needs for the exploration program, NASA has reduced the rate of growth of the agency's science budget from about 6 percent to about 1 percent. I understand that the science budget at NASA is on a growth path, although at a reduced rate than previously projected. I also understand that the science activities at Marshall are actually taking a 10-percent cut over the next fiscal years. Would you provide us some insight into that reduction?

Dr. GRIFFIN. I can provide the specifics of that 10-percent reduction at Marshall Space Flight Center for the record.

Senator SHELBY. That would be fine.
[The information follows:]

SCIENCE REDUCTIONS AT THE MARSHALL SPACE FLIGHT CENTER

In the fiscal year 2007 budget request, there is a reduction of approximately 10 percent for Marshall Space Flight Center (MSFC) Science activities compared with fiscal year 2006. This is due, in part, to the fact that some projects are ending as planned. However, since release of the fiscal year 2007 budget, additional work for MSFC has been defined in several Science projects, and additional funding is likely, particularly in projects with pending competitive selections. Additional funding is likely in New Frontiers, James Webb Space Telescope, Chandra, Solar Terrestrial Probes, and other areas. When this new work (actual and likely) is factored in, fiscal year 2007 Science funding to MSFC is expected to be equal to or higher than fiscal year 2006.

At the same time, it should be noted that, as one of NASA's premier space flight centers, MSFC has been given project management responsibility for the new Crew Launch Vehicle (CLV) and Cargo Launch Vehicle (CaLV), both critical elements to our Nation's plans for humans to explore the frontiers of space. These responsibilities are supported by the President's fiscal year 2007 request from Exploration Systems.

Specifically, Marshall's responsibilities include:

- Responsible for achieving all CLV and CaLV objectives for the agency.
- Lead associated systems engineering and integration activities, all CLV and CaLV safety and mission assurance activities.
- First stage design and upper stage engine development contracts management, as well as leading or otherwise overseeing CLV associated demonstration testing.
- Responsibility for advanced development flight test-0 and other flight demonstrations.
- Support responsibilities for the Crew Exploration Vehicle.
- Support for launch abort systems, service module, and abort test booster.

Level II or project tasks include:

- Safety, Reliability & Quality assurance (SR&QA)—Support integrated hazards analysis and probabilistic risk assessment; represent SR&QA at assigned systems integration groups; support quality assurance, risk management, and safety software system development; support Constellation SR&QA panels.
- System engineering and integration: Co-Lead for several system integration groups including thermal and environmental control and life support, environments, human factors/human rating, loads and structures.
- Test and verification lead for loads/structures and environments system integration group.

In support of lunar exploration, Marshall will:

- Establish a Lunar Precursor and Robotic Program Office, which includes the Lunar Reconnaissance Orbiter and the Lunar Crater Observation and Sensing Satellite.
- Establish a Lunar Lander Project Office, under the Constellation Program, responsible for performing early trade studies and developing requirements for the Lunar descent stage.
- Plan to use the Michoud Assembly for CLV and CaLV tank construction.

Dr. GRIFFIN. But do understand, please, that Marshall Space Flight Center is receiving, and will receive substantial increases as we embark on the Crew Launch Vehicle Program. So although the skill mix of those employed at Marshall Space Flight Center may change, the overall employment base at Marshall Space Flight Center is and will continue to be quite healthy. Yes, it is true, prior to my tenure the science community had been promised growth rates of 5, 6, or 7 percent in science, but NASA's growth rate as a whole is only 2.4 percent, averaged over the next several years.

Senator SHELBY. I agree with you that we need more money.

Dr. GRIFFIN. I did not say that.

Senator SHELBY. I can say it.

Dr. GRIFFIN. Yes, sir. Within the amount of money that the administration has chosen to allocate to the program, I cannot have

science growing at 6 percent while the agency is growing at 2.4 percent and the science program at NASA is a full one-third of our overall program, and in my judgement, sir, it is a very robust program.

SPACE SHUTTLE FLIGHT RATE SCHEDULE

Senator SHELBY. Dr. Griffin, assuming a successful shuttle launch this summer, NASA will begin a very aggressive flight schedule for construction of the International Space Station and the Hubble space telescope servicing mission. We pray you will be successful there. In order to accomplish the 16 to 18 flights necessary for these missions and to retire the shuttle by 2010, as you mentioned earlier, would require a flight rate that has not been achieved for many years. How much flexibility, Dr. Griffin, is there in the schedule for the remainder of the flights of the space shuttle? Is there any room for unexpected delays that will not compromise both the retirement date of the shuttle and the completion of our agreements on the ISS? And how does NASA intend to balance the need for such a sizable workforce to maintain the shuttle program until it is retired and at the same time to build up Moon missions and so forth? I know it is a tough question.

Dr. GRIFFIN. But it is a good one, and I understand the question, so let me try to answer. First of all, I must simply say it is not correct that the flight rate required of the shuttle to complete the International Space Station by the shuttle's retirement date is something that we have not seen. In fact, the required flight rate is nothing more than our average flight rate over 25 years of history, and that includes, as I know you recall because you have been here, that includes basically 6 years of down time due to shuttle accidents and other technical problems. So even factoring in all of that down time, our average flight rate for the shuttle program over 25 years has been 4½ flights per year. If we fly successfully in July or if we fly successfully in September and then merely execute our average flight rate for the balance of the program, we will finish with margin to spare. So I believe we can do it.

WORKFORCE TRANSITIONING

Now with regard to your question about transitioning the workforce, you are correct, and I have said this in many forums, our biggest challenge over the next 5 years is to develop a plan that allows us to fly the last shuttle mission as safely as the next one. At the same time, to be able to have the appropriately skilled workforce involved with the design and development of the replacement vehicle, the CEV, and to not damage either program in the process of doing so. We are working on that. We spend time on that at every Management Council meeting I have in NASA. We care about that problem a lot. I have top-level plans that I can share with your staff, and are those plans in their detail, we will be happy to share those plans with your staff as well.

Senator SHELBY. Thank you very much. I am going to go vote. Senator Mikulski has voted, and she is recognized.

Dr. GRIFFIN. Thank you, sir.

AGING AND DAMAGED FACILITIES

Senator MIKULSKI. Thank you very much, Mr. Chairman, and I know Administrator Griffin, you probably have covered some of these issues. We know that you and the NASA budget is under a lot of stress.

Let me go to the question about aging facilities and damaged facilities. I know that Senator Shelby talked about the aging facility issue. You talked about some of these go back to Apollo.

Dr. GRIFFIN. Or before.

Senator MIKULSKI. Yes, sir. But let's go to what was damaged because of Katrina, again, acknowledging the magnificent efforts of the NASA staff and local responders, et cetera. The subcommittee provided \$300 and some million last year toward this. The President's supplemental request had nothing in it. We had \$35 million which is just a chunk of change. You estimate that it is going to be \$500 million to really restore these facilities properly. Where are we, and where is this money going to come from?

Dr. GRIFFIN. Yes, ma'am. Yes, Senator Mikulski.

Senator MIKULSKI. You need to know I was very disappointed that there was not money in the President's budget to do this, and it's beyond the scope of an individual Member, for example like myself, to find a \$500 million offset, and we could not take it from the troops.

Dr. GRIFFIN. Of course not. I'm sorry, the damage estimate that we have is just under \$500 million, \$484 million to be specific. As we have continued to refine our estimates, we have kept you and your staff current on what those are. And you are right, last year the subcommittee, of course, appropriated roughly \$330 million in supplemental funding to repair the damage. The balance of the money must come out of program funds which is shuttle and station unless we move money across accounts, and that would require special permission from our oversight committees.

Senator MIKULSKI. How much would you need this year?

Dr. GRIFFIN. Pardon me?

Senator MIKULSKI. No construction occurs at once.

Dr. GRIFFIN. At once, right.

Senator MIKULSKI. What do you think for both Stennis and Louisiana would be required for this year?

Dr. GRIFFIN. I will answer for the record on the phasing of the money. The total that we know we need is \$484 million at this point.

Senator MIKULSKI. And that would take care of both?

Dr. GRIFFIN. That would take care of all years.

Senator MIKULSKI. But it would take care of both Stennis and Louisiana?

Dr. GRIFFIN. Yes, Senator.

[The information follows:]

AGING AND DAMAGED FACILITIES

After a detailed review by the Katrina Headquarters Recovery Team, as of April 25, 2006, the Agency reduced its total estimate of all costs for responding to Katrina and for catastrophic risk mitigation projects that would protect against future hurricanes to \$483.8 million. This estimate includes the following:

- Michoud Assembly Facility—\$220.2 million;
- Stennis Space Center—\$208.7 million;

- NASA Shared Services Center—\$7.7 million;
- Other NASA Centers/HQ Support—\$8.1 million; and
- Program Contingency/Reserves—\$39.2 million.

Review of the content of this estimate is ongoing and will continue to be revised; NASA will keep the Committee informed of future adjustments to the estimate.

As has been discussed during hearings and in briefings with Committee staff, NASA borrowed \$100 million in fiscal year 2005 funds from the Space Shuttle and International Space Station (ISS) crew/cargo programs to provide immediate support of hurricane recovery efforts in the Gulf region before any supplemental funds were provided. The intent was to eventually repay these programs for this initial outlay of funds, and NASA repaid \$20 million of the amount borrowed in the May update to the fiscal year 2006 Operating Plan.

NASA currently has available \$384.8 million in fiscal year 2006 funding from two emergency supplemental appropriations and \$80 million in fiscal year 2005 funding that was borrowed from the Shuttle and ISS crew/cargo programs. NASA may repay approximately \$20 million in additional borrowed fiscal year 2005 funds that are not yet spent in a future Operating Plan update. The Agency continues to require transfer authority to use up to \$60 million in available fiscal year 2006 supplemental funding to repay the balance of funds borrowed and expended in fiscal year 2005 to allow the Agency to adequately fund the requirements of the Space Shuttle and ISS programs.

Hurricane-related Center recovery and operations costs, along with real property repairs and programmatic recovery requirements are accommodated within the current funding availability. Catastrophic loss mitigation projects will be addressed on a priority basis depending on the availability of funding.

The following Center recovery operations, real property repairs, and programmatic recovery activities are likely covered within available funding:

[In millions of dollars]

	Estimated Cost
STENNIS SPACE CENTER	
Center Recovery Operations Support	17.0
IT/Communications/Environmental/Other	6.0
Programmatic Recovery	3.0
Real Property Repairs	¹ 82.61
Repair Site wide Electrical Distribution System	7.79
Repair/Replace Roofing Various Administration Buildings	7.95
Replace Bldg 2204 Roof	7.91
Repair Administration Building 1100	7.65
Repair and Replace Perimeter Fencing	7.95
Replace Bldg 1100 North Wing & Bldg 1105 Roof	1.03
Repair Bldg 2205 High Bay Roof (complete) .....	.73
Repair Building 1100 North Wing—Interior	2.70
Site wide Mold Remediation and Asbestos Abatement	2.44
Replace Bldg 2201 Roof	3.50
Repair/Replace Roofing Various Industrial Complex Buildings	1.74
Repair/Replace Roofing Various Test Complex Buildings	1.99
Site wide Debris Cleanup	1.59
Replace Bldg 8100/8110 Roofs	3.04
Site wide Lightning Protection Repairs (Multiple Projects) .....	.80
Relocate Roads and Grounds Building .....	.87
Repair and Pave Roads for Heavy Vehicles	2.88
Education Center (Replacement for Bldg 1200)	1.93
Site wide Electrical Panel Enhancements and Database	1.06
Local Projects (<\$500,000) and Maintenance Items	7.06
MICHOUD ASSEMBLY FACILITY	
Center Recovery Operations Support	20.9
IT/Communications/Environmental/Other	2.4
Programmatic Recovery	42.5
Real Property Repairs	² 69.00
Hazardous Materials Investigation .....	.05
Repairs of B103, Phase 1	2.50
Repairs of B451, Phase 1 .....	.75

[In millions of dollars]

	Estimated Cost
Repairs of B114 .....	.60
Repairs to Damaged Elevator B110 .....	.10
B303 Temporary Roof Repair .....	.09
TBD Projects during test and checkout .....	.50
MSFC—COSS Contractor Support for damage assessment .....	.04
MSFC—M1 Yard Roof Repairs .....	.01
MSFC—Remove Damaged Trees and Repair B4707 Tower Roof .....	.02
Work Plans for B420, 110, 114, 103, 303, 451, 220, 101, 102, 173, 175, 320, 404 .....	.94
Local Projects (<\$500,000) and Maintenance Items	5.21
Repairs of B110, Phase 2	6.40
Repairs of B173	2.02
Repairs of B175 .....	.68
Repairs of B220	1.37
Repairs of B303	6.60
Repairs of B320A	1.54
Repairs of B320B .....	.94
Repairs of B404	1.49
Repairs of B420	5.63
Repairs of B103, Phase 2	4.77
Repairs of B451, Phase 2	1.50
Repairs of B101	5.04
Repairs of B102	8.22
Repairs B75, 105, 106, 107, 109, 113, 119, 127, 130, 131, 135, 140, 171, 176, 177, 178, 179, 201, 203, 206, 207, 221, 232, 239, 301, 302, 304, 305, 307, 308, 318, 321, 327, 329, 359, 351, 360, 361, 406, 409, 421, 423, 424, 419, 450, 480, 485	12.00
NASA SHARED SERVICES CENTER	
Recovery/Workarounds	7.7
OTHER NASA CENTERS/HQ SUPPORT/RESERVE	
Center Recovery Operations Support	2.2
Other General Support	4.0
FEMA Volunteers	1.9
Program contingency/Reserves	39.2

¹ Does not include \$13.7 million in program manager reserve.² Does not include \$10 million in program manager reserve.

The following potential catastrophic loss risk mitigation projects been identified. Unless noted, the majority of these projects have not yet been approved for funding. Projects for each Center are listed in order of priority.

[In millions of dollars]

	Estimated Cost
STENNIS SPACE CENTER	
Hurricane Proof Emergency Operations Center	¹ 14.90
Replace and Enhance Backup Generator Capability Site-wide	3.00
Enhance Site-Wide Electrical Distribution System Hardening	18.65
Add Additional Bulk Diesel Storage .....	.50
Enhancement to Potable Water Pump Houses .....	.10
Emergency Communications and EMCS Enhancements .....	.90
Hurricane Proof Record Retention Facility	2.50
Relocate Electrical Equipment Building 1200	1.00
Expand and Enhance Communication Ductbank	3.00
Inspect Bridge and Locks	1.00
Dredge Canal	3.00
Enhance Administration Building 1100	3.00
Test Complex High Pressure System Uninterruptible Power	30.00
Design Cost (6 percent)	4.89
Total	86.44
MICHOUX ASSEMBLY FACILITY	
Upgrades to Pump House	² 11.00

[In millions of dollars]

	Estimated Cost
Install levee floodgate at barge dock .....	.70
Upgrades to Emergency Operations Building	² 3.30
Rewire security cameras to operate on emergency power	2.70
Replace electrical feeders on poles below ground	5.00
Reconfigure computer servers to provide critical ops during severe weather	5.00
Replace main manufacturing building exterior siding	7.00
Levee improvements (requires Corp of Engineers coordination and app)	5.00
100 percent increased labor, materials, and transportation costs	37.7
Total	75.4

¹Project is approved for funding. The total project cost is \$21.4 million; the remaining \$6.5 million will be funded with fiscal year 2005 Institutional CoF funds.

²\$1.7 million in funding has been approved for MAF projects as follows: \$300,000 for designs and studies, \$600,000 for remote controls for the existing Pump House, \$500,000 for relocating the MAF Emergency Operations Building, and \$300,000 for security cameras. The "Install levee floodgate at barge dock" project will be approved for funding as soon as design is complete.

CUTS IN SCIENCE

Senator MIKULSKI. As we look ahead to our own mark up, I have not had a chance really to confer with Senator Shelby in-depth until we complete all of our hearings. We have heard from Justice, the Byrne grants and COPS Programs have been cut. This is not to lay this on you. In just looking at NASA and know that it was flat-lined now and it has been flat-lined under this administration and the previous one, President Clinton, I feel we need more money. One of the things that I am going to suggest to Senator Shelby is that we look at the repair related to the Katrina damage in some kind of an emergency way so that it does not add further stress to the NASA budget. I don't even know if it is possible, but I am looking for legitimate ways to bring other revenue into our subcommittee, so just know that. That is why the sequencing of how much, so that we do ask for or even ponder appropriate amounts. You need to have your facilities, dedicated people have to work somewhere, and we have to be dedicated in restoring it as they did to protecting it.

Your comments were don't rob Peter to pay Paul, don't go after the science budget, to some back to the other priorities, but in some ways I feel that is what we are doing. We are juggling and rearranging, and that you robbed Paul to give it to Peter, and you are telling us don't rob Peter to give it back to Paul. We don't see it as robbing, we see it as a give-back.

Could you tell us about the consequences of this deferral in science? I know you are committed to science programs, but we are troubled about the cuts in science. Could you tell us what you think the consequences are in this deferral? We are particularly concerned about all science. We are concerned about the impact on big science as people talk about it, the Webb telescope mission, like Earth science and some of the others? Could you share with us?

Dr. GRIFFIN. At the top level I can, and, again, as always I am happy to coordinate details with your staff at your discretion.

Yes, I did propose and I am proposing taking money from both exploration and science in order to pay our bills for our nearer-term priorities to finish out the station and fly out the shuttle. The shuttle and station accounts as we both know when I took this job in the out-years had placeholder amounts in them. We did not have realistic amounts. Those were in the out-years at the time. The

out-years have arrived, and if we are going to fly the shuttle and finish the station, then those bills had to be paid, and the only other source of money was exploration and science. So that is why I did what I did.

As to the impact of deferrals, first of all, James Webb telescope mission as I think everyone knows is the National Academy's highest priority in their decade-old survey plan for astronomy, and that priority continues to be respected. James Webb telescope mission may be delayed a bit, but only because, I exaggerate to make a point, about 15 minutes after I was confirmed, the folks on the James Webb Program brought to me a \$1 billion plus overrun on the program which is presently in its formulation stages. So we are currently in the middle of re-baselining that program not, to alter its priority within the queue. But I do not have over that time period an extra billion dollars laying around to fix it. So it will slip a little bit in schedule, not because of anything going on with the shuttle and station, but just because it is overrun.

With regard to Earth science, before I took office, Earth science had been I would say damaged in the budgetary planning, and I have acted to restore that. It is not all the way back, but I know that you know, and that your staff will tell you, that I have acted to restore that as I have with heliophysics, but I cannot do it instantaneously.

Senator MIKULSKI. They have shared that with me, and I appreciate it.

Dr. GRIFFIN. Other missions that we believe are very important to do like the space interferometry mission will be delayed for a couple of years.

Senator MIKULSKI. So could I say what you are saying is though that they have not been eliminated, they have been deferred?

Dr. GRIFFIN. Correct.

Senator MIKULSKI. But given where we are, do you think is deferral going to become a de facto elimination in some categories? I am not going to ask you to enumerate.

Dr. GRIFFIN. There may be smaller missions which just will not make the cut, but the major mission priorities that had been established and were on the table when I took office will continue to be respected. We must defer something. We will either defer the CEV, the Nation's replacement for the shuttle, or we will defer some of these science missions. In truth, I have delayed both of them a bit and I would be very uncomfortable delaying the CEV any more.

SPACE SHUTTLE

Senator MIKULSKI. This brings me back to, first of all, Senator Shelby and me, and the whole committee, we are absolutely committed to the shuttle mission. The safety of the astronauts is a committee obsession that we share with you, so we know that is the priority. Second, I appreciate your willingness to consider a Hubble rejuvenation mission.

Dr. GRIFFIN. If we can possibly do Hubble, we will do Hubble.

Senator MIKULSKI. And I understand now that it is up to the technical matters, but I appreciate your commitment to analyze as we progress, so we know what that is going to take, but we do not know how much more it is going to take. Am I correct? And it has

cost \$2 billion more to do the shuttle and return to flight than we had originally anticipated. And that is not a fault-finding. It is just a fact-finding.

Dr. GRIFFIN. Of course. I understand. I just want to answer accurately. We needed \$3.8 billion more to fly out the shuttle and finish the station; \$3.8 billion more was needed for those accounts than was bookkept in those accounts in the fiscal year 2006 run-out. So as we prepared the fiscal year 2007 run-out, we had to fix that problem, so the total was \$3.8 billion.

Senator MIKULSKI. I am glad we are getting this out in the sunshine, quite frankly, because the only way we can truly get the proper national priorities, and the framework is there, but in other words, you inherited something that you have had to straighten out and get real life-cycle costs and accounting into it. Am I correct?

Dr. GRIFFIN. Yes, Senator. The way that I would phrase it is to say that, in having decided a couple of years ago that we would retire the shuttle, there was considerable uncertainty as to how much the run-out costs would be in retirement. As we have analyzed it as carefully as we can, we have concluded that the run-out costs to retire it do not drop off as rapidly as—

Senator MIKULSKI. We are committed to this, and, again, I think I feel secure in saying this, I liked what you said when you said the next shuttle flight is going to be as safe as it possibly can be made, but that the last shuttle flight will be as safe. So we have a big kind of shaking-hands commitment that we need to make with you to ensure that safety of the next astronauts or the last astronauts to fly that shuttle, so we are in agreement with that. Then that is like a fixed cost that we have to almost be neurotic about. Am I correct?

Dr. GRIFFIN. Exactly, Senator. Exactly, and I have been neurotic about it, and the amount was \$3.8 billion.

INTERNATIONAL SPACE STATION

Senator MIKULSKI. I say that, because, again, it is the safety of our people.

That takes me then to the station itself. Having done that, completed it, do all those things along the questions that Senator Shelby has raised, the 16 flights, et cetera, are we going to use the station? And how are we going to get to the station to use the station? Soyuz has been a lifesaver, but it is little, it cannot do cargo.

Dr. GRIFFIN. You are right, Senator.

Senator MIKULSKI. We have this fantastic machinery at tremendous cost to build and maintain.

Dr. GRIFFIN. Let me try to answer.

Senator SHELBY. Is this going to be a techno-whoops? Then what will that take if we are talking about science and Webb and going to the Moon and so on? Or is this going to be one of those, well, now we have it, but we cannot afford to use it?

Dr. GRIFFIN. I certainly hope not. For the station for the next few years, the choices which confronted us were, given the available shuttle flights, that we could use the station approximately as it exists today, which is fairly stable but does not have much power and does not have a lot of research facilities, we could use it to a very limited extent. Or we could finish assembling it but not use

it. I do not have enough shuttle flights to assemble it and utilize it at the same time. We have talked about this, we have committed to finishing the assembly.

As the assembly is finished, it will be the full-up station that you have come to know and love with substantial research capability and a crew of six. In the period between retirement of the shuttle and deployment of the CEV, we will have no choice but to depend on international partner logistics and resupply. Or if our COTS initiative, our commercial initiative, works well, we hope that we may be able to bring some U.S. commercial capability on-line with seed funding from NASA. But the CEV, which is, of course, intended to service the station as well as go to the Moon, will not be available for operational use until, at this point, 2013–2014.

Senator MIKULSKI. Then my question is, why should we do this now if we are not going to use it? We thought we are going to build it and they will come, but we are going to be building it but we cannot get there. I have not been harsh or sarcastic, and yet we are making a tremendous investment for the shuttle to go up there, for the safety of our astronauts, only then to complete an assembly of something.

Dr. GRIFFIN. We can use the station in concert with our international partners, and we can use it as soon as the CEV becomes available, and this, of course, addresses the gap that you have been so forceful about, and we can use it if we can get some commercial capability in space flight.

Senator MIKULSKI. There are a lot of ifs.

Dr. GRIFFIN. But with our existing budgetary resources, there will be a gap between retirement of the shuttle and deployment of the CEV.

Senator MIKULSKI. I think this is a dilemma.

Dr. GRIFFIN. Yes, Senator, it is.

INTERNATIONAL PARTNERS

Senator MIKULSKI. Within the scope of the hearing it is difficult to discuss, and I am not advocating what we should do, but I am advocating that we need to come to grips with this dilemma, and a tremendous cost to finish our commitment. What do our international partners say about this, Dr. Griffin? Would they be able to use it? They have been very patient and steadfast, I think, in their ongoing commitment, and the Russians have proved to be a fairly reliable partner.

Dr. GRIFFIN. All of that is true. You, I believe, understand the situation perfectly. The international partners are appreciative of the renewed United States commitment to finish the station, because unless it is finished, the laboratory modules that they have worked on for many years will not fly. So they are appreciative of that. They, we, and I are concerned about what we will do in the period following retirement of the shuttle and prior to deployment of the CEV. We, as you say, are very grateful to our Russian partners for the reliability with which the Soyuz and Progress systems have worked, but they have, frankly, very minimal capability to really utilize the assets of the station and other partner capabilities.

Senator MIKULSKI. So it will be hard for our international partners to get up there to use it.

Dr. GRIFFIN. Until we have the CEV deployed, right.

Senator MIKULSKI. Let me try to get a timeframe. If everything works the way we hope and anticipate, when will the completion of the assembly of the station be done?

Dr. GRIFFIN. 2010.

Senator MIKULSKI. Then at the same time, that is when you hope to retire the shuttle upon the completion?

Dr. GRIFFIN. Correct.

CREW VEHICLE DEVELOPMENT

Senator MIKULSKI. Then with hopefully the new crew vehicle, with your time table, that would be 2013?

Dr. GRIFFIN. The first test flight, which is not the same as an operational flight, of course, of the CEV, at this point with the resources we believe we have to bring to bear on it, we project for 2012, and then operational use would be in the 2013–2014 timeframe.

Senator MIKULSKI. So there will be 4 years in which the United States of America will, number one, have a space gap? And, number two, 4 years where the station will be up there but will not be utilized, and I presume could even begin to deteriorate. Space, as you would share with me, is a harsh and demanding environment. I wonder where we are going here with the station.

Dr. GRIFFIN. That is, on the face of it, correct. I remind you again that we have the ISS Crew Cargo Program, our commercial orbital transportation or COTS initiative, where we are making available as seed funding to industry \$500 million over the next few years to bring on-line, hopefully, a capability to ferry cargo and later crew to and from the station. If that works and industry invests, they stand to make a good profit, and we stand to be able to buy services.

Senator MIKULSKI. First of all, we have been through the X-Plane, and X-Planes have not come out too well. I would hope that the private sector could develop a cargo vehicle.

Dr. GRIFFIN. I hope they can. I hope they can. I consider it be a good gamble. It is well past time for NASA to do everything it can to stimulate commercial space transportation capability, and I am trying to do that. But you raise an excellent point, we cannot count on it.

Senator MIKULSKI. And we will not know until 2012 whether it is going to happen. Is there any way you can accelerate in a prudent way, prudent, again, meaning always the safety factors, and prudent in fiscal reality, the development of a crew vehicle?

Dr. GRIFFIN. Again, Senator, not without moving money from other things which we all also like.

Senator MIKULSKI. What do you think from a technological and engineering standpoint, and you are the expert in this?

Dr. GRIFFIN. From a technical and engineering standpoint, I could have a crew vehicle deployed in 2011, following right on the heels of the shuttle, from a technical and engineering standpoint.

Senator MIKULSKI. What would it take to do that?

Dr. GRIFFIN. Fiscally I will have to take that for the record. I do not have that in my head because that is not a program we have been studying. We know we do not have that money, and so we are funding limited, as you have said.

Senator MIKULSKI. Again, I do not know if we could even contemplate that. I know our colleague, Senator Hutchison has raised that with you yesterday at the Commerce hearing in which you testified.

Dr. GRIFFIN. She did.

Senator MIKULSKI. I know we are troubled by the gap, and yet we do not want to take from Peter to pay Paul, and we do not want to take from Paul to pay Peter.

Senator SHELBY. Senator Mikulski, if you would yield, it is obvious that we need more money to fund NASA.

Senator MIKULSKI. I think that that is it, Mr. Chairman, and that is where I was trying to ponder as we went through this.

Senator SHELBY. Absolutely. You are absolutely right.

Dr. GRIFFIN. From a technical point of view, the crew vehicle could be delivered to you in 2011. Anything after that is controlled by the funding.

Senator MIKULSKI. Why don't you share with us what you think would be a realistic option?

AERONAUTICS RESEARCH

One last point which goes to the aeronautics issue when we talk about commercial cargo in space. I really do not want us to lose ground aeronautically in the international marketplace, and I know we have declined an aeronautic research at 18 percent. What do you think we can do about this? Again, I am concerned about the consequences, not only in futuristic sonic, hypersonic flight, but even aviation safety. We have a consortium in Maryland that is working on cockpit safety. One is at our historically black college, Morgan, the largest producer of African-American engineers in the State, and maybe even in the country. They are so enthusiastic. They feel they are working on things that are going to spur our economy, and working on cockpit safety. That is the next generation. They will be sitting there 20 years from now. So what can we do?

Dr. GRIFFIN. I am ready to give it to them sooner if you would like. With regard to aeronautics research, I share your concern. I think when you look at the loss of competitiveness in aeronautics to which you refer and that you see about you today, I believe that in actuality that is a consequence not of funding decisions, but of strategic decisions, what the money is spent on, that go back a decade or two.

We have not in my opinion been doing in some areas the right things with our aeronautics funding. We are recrafting our Aeronautics Program to focus on basic aeronautical science which underlies the entire discipline of all flight regimes to learn new things and to be out at the frontiers of the state of knowledge in aeronautics. That, I believe, is in past decades what provided the kind of capability that allowed American air frame manufacturers to be second to none.

When we started focusing on demonstrations and point designs and things that were off the beaten track for NASA's research skills, I believe that is when we started to lose ground. So I am trying to recraft and put into place——

Senator MIKULSKI. Is that what we will get in the December report?

Dr. GRIFFIN. Yes, ma'am, that is what you will get.

Senator MIKULSKI. What I would hope we could try to do, Senator Shelby, is stay the course or do a bit better, but that we really join hands and focus on this, because I think we are going to win the international markets not because we are going to be the most subsidized like other countries, but because we are going to be the smartest and the best, and we want to help you get there.

Dr. GRIFFIN. We have to be the best.

Senator MIKULSKI. Mr. Chairman, I think I have gone over my questions.

AMERICAN COMPETITIVE INITIATIVE

Senator SHELBY. No, you have asked some good questions. Dr. Griffin, I will get into the American competitiveness initiative. I was surprised to see that NASA was not included as part of the American competitiveness initiative, ACI. The goal of ACI, as I understand it, is to ensure that the United States prominence in technology and our continued competitiveness in an ever-evolving global economy and ensure that we are there. Your stated goals for the education component of NASA's budget are to strengthen the Nation's future workforce, attract and retain students in science and engineering, as in your own background, and to engage Americans in NASA's missions, coupled with high public visibility and recognition that NASA enjoys. It seems that NASA would be a natural fit for such an initiative. Why was not NASA not included in this initiative in your judgment? I was surprised.

Dr. GRIFFIN. Senator, I have spoken with Dr. Marburger on precisely that issue, and the point that I would make is that the ACI was designed to target those agencies or portions of agencies such as physical science within the Department of Energy, which have not received good support in the recent past and which need significant help to get back to even. NASA received a 3.2 percent increase even without being part of the ACI in an environment where overall domestic nondefense discretionary funding is down by one-half of 1 percent. So NASA was treated by the President 3.7 percent better than the average domestic discretionary nondefense agency.

It is hard to do better than that. I believe that we were well treated within the context of the overall administration, and to be part of the American competitiveness initiative was not really on point.

Senator SHELBY. I think it was not either.

Senator Mikulski.

Senator MIKULSKI. Senator Shelby, I just want to comment and share this with Dr. Griffin. I was part of a group at the White House with Senators Alexander and others talking about this, and I asked the President the same thing in a very cordial way because I thought his Mars statement was to inspire the next generation,

and they said that they were going to give it more consideration. I wanted to follow-up with some of the staff.

Senator SHELBY. I think you are absolutely right.

Senator MIKULSKI. Perhaps that is something that you and I could follow-up with.

CHAIRMAN'S CLOSING REMARKS

Senator SHELBY. We could work together because we think it is important, and Dr. Griffin is a product of it himself of many years.

If I could, Dr. Griffin, I want to thank you on behalf of the subcommittee for your appearance here. We both are committed to NASA and we want to continue to work with you. I personally believe that NASA is still underfunded, as Senator Mikulski does.

Senator MIKULSKI. Yes.

Senator SHELBY. We know that it is a tough environment, but we have some, I think, lofty goals out there and we want you to implement them, and you have the capability to do that.

ADDITIONAL COMMITTEE QUESTIONS

We appreciate your appearance before the subcommittee today. There are a number of Senators, and we have been voting, and I keep the record open where they can submit questions for the record. I am going to ask you to, if you could, respond to them no later than June 9, which is a month or so.

Dr. GRIFFIN. We absolutely will do that, sir.

[The following questions were not asked at the hearing, but were submitted to the agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

FINANCIAL MANAGEMENT

Question. NASA was recently cited for violation of the Antideficiency Act (ADA). According to the Inspector General, a lack of internal controls within the Office of the Chief Financial Officer (OCFO) was a major cause of the violations. It is also troubling that the Inspector General was unable to determine the exact size or number of ADA violations due to the unreliability of the agency's financial management system.

What are the Agency's plans for addressing the material weaknesses in internal controls that have been reported for several years?

Answer. NASA's independent financial auditors identified three material weaknesses and one reportable condition through its fiscal year 2005 financial audit. The weaknesses are repeat findings from prior financial audits. NASA submitted a Corrective Action Plan in February 2006 to Congress, OMB and NASA's Office of Inspector General (OIG) that addresses each of the recommendations made by the independent financial auditors. NASA has been executing this plan throughout fiscal year 2006.

For your convenience, we have attached NASA's Financial Management Corrective Action Plan, which provides a complete list of in-process actions to address each material weakness.

CORRECTIVE ACTION PLAN FISCAL YEAR 2005 FINANCIAL AUDIT—FEBRUARY 15, 2006

CHIEF FINANCIAL OFFICER'S MESSAGE

I am pleased to present the National Aeronautics and Space Administration's (NASA) financial audit corrective action plan. Achieving financial management excellence is essential to achieving NASA's Vision for Space Exploration. Efficiently managing all of our precious resources will maximize the opportunities for creative and safe programs and projects. In the Office of the Chief Financial Officer, from Headquarters to Field Centers, we are working hard to improve the financial management of our Agency.

Reviewed by NASA's Office of Inspector General, the plan represents the collaborative efforts of the Office of the Chief Financial Officer, the Integrated Enterprise Management Program (IEMP), and the Office of Infrastructure and Administration. The plan articulates NASA's strategy for eliminating the root cause(s) of the four reportable conditions (three of which are material) identified in the 2005 financial audit:

- 1. Financial Systems, Analyses and Oversight (material weakness)
- 2. Fund Balance with Treasury (material weakness)
- 3. Property, Plant and Equipment (material weakness)
- 4. Environmental Liabilities

For each of the four reportable conditions and related recommendations, the plan defines NASA's goals, objectives, strategies, activities, due dates and responsibilities for execution. Progress will be monitored throughout the execution of this plan.

Our ability to improve the quality of the Agency's financial information, to better manage our assets, and to achieve business efficiencies is dependent on the successful execution of this plan with the support of the entire NASA community. NASA has always had a well-deserved reputation for successfully meeting challenges head on, and this effort will be no different.

GWENDOLYN SYKES,
Chief Financial Officer.

INTRODUCTION TO THE FINANCIAL AUDIT CORRECTIVE ACTION PLAN (CAP)

This corrective action plan addresses the material and significant weaknesses identified through NASA's 2005 financial audit. Those weaknesses reflect process, system and internal control issues that cross NASA functional areas, including procurement, infrastructure and administration, systems management, and financial management. Accordingly, this plan was developed through a coordinated effort with all NASA organizations that have a critical role and primary responsibility in the execution of it. In addition, the NASA Office of the Inspector General (OIG) reviewed and provided comments to this plan. The OIG's comments were considered in the final product.

For each noted weakness, this plan documents the goals, objectives, strategies and planned corrective actions determined to be the most effective and efficient means for mitigating or eliminating those weaknesses. Through the course of implementation, changes to strategies or corrective actions may be either required or advisable given new information or events. The implementation approach and progress toward plan goals and objectives will be monitored, and plan adjustments made, by the Office of the Chief Financial Officer on a regular and ongoing basis until the those goals and objectives have been met. Status reviews will be conducted with NASA's Deputy Administrator.

The weaknesses addressed in this plan are not new to NASA's 2005 financial audit. They have, in fact, been noted in previous NASA financial audits. Significant work has already been performed to address them. The repetition of the recommendations is an indication of the technical complexity and organizational breadth of the issues. This corrective action plan reflects the work planned by NASA organizations over the next year, and highlights the work performed in previous years to address the audit recommendations. The integration of strategies and plans from multiple NASA organizations is an important success factor and reduces the risk of potentially disjointed, non-complementary solutions to common issues. Several other challenges to the successful accomplishment of plan goals have been identified and will be managed throughout plan implementation. These include:

- Resource constraints.* Sufficient resources to appropriately staff the corrective action implementation teams have not yet been fully secured. Authority for additional Office of the Chief Financial Officer staff at both Headquarters and Field Center locations was provided by NASA's Administrator in 2005. The OCFO is in the process of hiring additional staff to support NASA's financial management improvement initiative efforts. While additional resources are being secured, there is a familiarization and training lag before these resources are fully able to contribute. Other areas of NASA, such as asset management, which are critical to the success of this plan, have identified additional staffing needs for which staffing plans will be developed. These plans will identify staffing shortfalls and associated options.
- Change management.* The anticipated process changes necessary to resolve NASA's identified weaknesses, particularly in the area of Property, Plant & Equipment (PP&E), will impact the way business is conducted at NASA. These changes will require a significant portion of NASA's workforce, both institutional and programmatic, to change the way they currently perform their daily

activities. Communicating the need for change, documenting new procedures and delivering training are key elements embedded in each of the corrective action initiatives. Additionally, initiative owners will work with NASA leadership to build buy-in and support at the most senior levels of the organizations for the changes that must take place. The strong commitment provided by NASA's Executive leadership will be a major factor in overcoming this challenge.

—*External support.* Some of the proposed strategies—such as those for PP&E and Environmental Liabilities—include changes to policy or procedures that will require support from NASA vendors and contractors. Just as process changes will impact employees' daily activities and procedures, so will they impact the activities and reporting requirements of NASA's vendors and contractors. Contract changes, procedural changes, reporting changes; all will take time and money to implement. Through the course of executing the improvement initiatives, the OCFO will be evaluating the risk, cost, benefit and trade-offs of each of the changes that may be required to ensure the actions taken are the most cost effective.

While the challenges and risks are considerable, the strategies and plans presented in this corrective action plan are designed to achieve NASA's goals and objectives within the targeted timeframes.

CHAPTER 1: FINANCIAL AUDIT IMPROVEMENT

WHY NASA NEEDS A CORRECTIVE ACTION PLAN

NASA's vision for Space Exploration is an ambitious and bold journey into areas of space that man has never visited and into areas of science and research that man has yet to fully comprehend or master. Complex research and development projects, like those at NASA, require effective project planning and management to meet quality, schedule and budget requirements. Having ready access to accurate and reliable financial information is critical for NASA's program and project managers to achieve their own technical goals. Budget constraints combined with the uncertainties inherent in primary research and development further highlight the need for effective program and project financial management information.

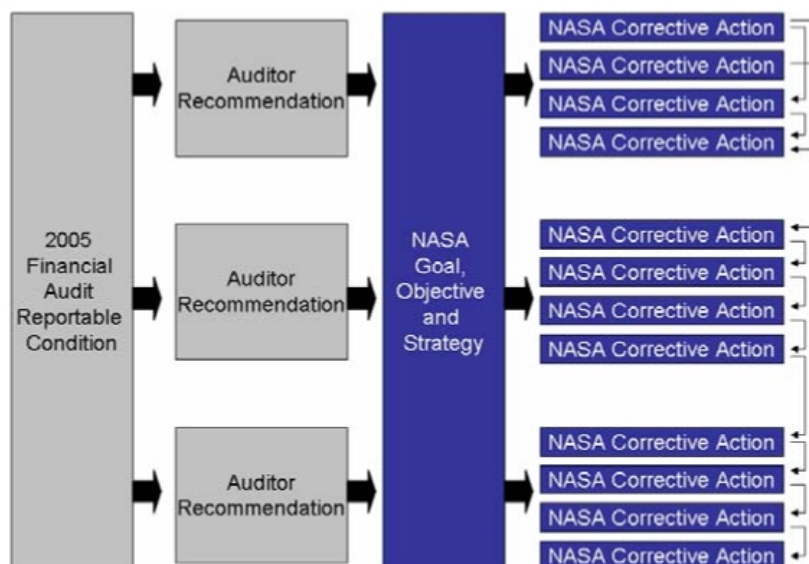
While NASA's program and project managers are the ultimate users of financial information, NASA management and external stakeholders have an important need for information that helps them to prioritize the allocation of scarce Federal dollars. Congress and the White House must be assured that NASA is using its resources in the most effective manner to achieve the goals they have set for the Agency. Only through well designed and implemented processes and systems, effective internal controls and well trained and disciplined staff will the Agency be able to deliver the fidelity of financial information that is required.

Today it is clear from audit reports and the OCFO's own analysis of its processes, systems and data that improvement is necessary before the required fidelity is achieved. This comprehensive and integrated financial audit corrective action plan is an important tool for organizing and efficiently managing NASA's financial audit improvements. The problems cited in IG audit reports did not appear overnight; nor will they disappear quickly, either. This plan is a realistic reflection of the time and effort required to make the necessary improvements.

This plan takes a holistic view of the financial management challenges at NASA. It recognizes the interrelatedness of process across the organization; how problems in an operations process can ultimately contribute to problems with how costs are captured and reported in financial management processes. With that perspective, this plan identifies and resolves the root causes of NASA's financial audit weaknesses.

WHAT THE CAP IS AND WHAT IT DOES

NASA's financial audit corrective action plan (CAP) is NASA's response to the financial audit recommendations made by IG auditors in the 2005 financial audit. The CAP is organized around the reportable conditions contained in the auditor's *Report on Internal Control* (NASA Fiscal Year 2005 Performance and Accountability Report, pages 190–212). For each reportable condition, the plan is further organized by the specific recommendations contained in the *Report on Internal Control*. For each recommendation, NASA has developed, and has begun implementation of, logical, interdependent sets of specific actions that directly address that recommendation. The CAP lays out how NASA will address each recommendation made by the IG auditors. The graphic depicts the layout of the plan for one sample reportable condition.



The CAP is designed to provide NASA's framework for resolving the internal control and management weaknesses identified by the IG auditors. These extend beyond financial accounting into the operations of the agency. Effectively resolving the identified weaknesses will take a coordinated and integrated effort involving the support, buy-in and ownership of many NASA offices and directorates. Affected organizations have been involved in the creation of this plan, and, in many cases, have been assigned the primary responsibility for taking the necessary actions to resolve the identified weaknesses.

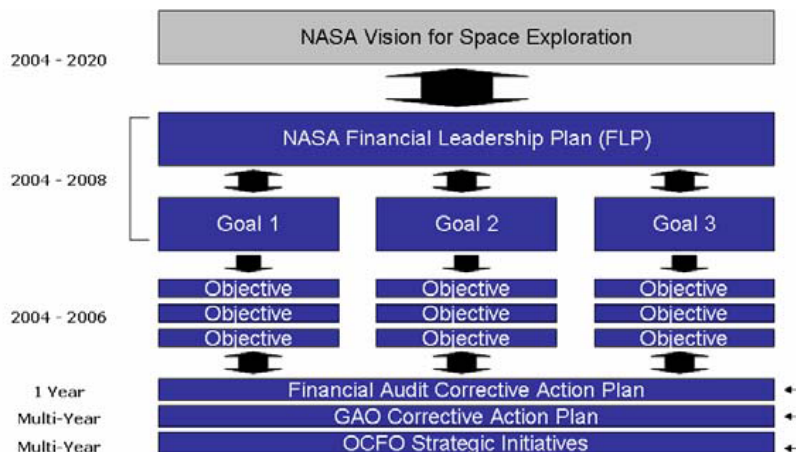
The financial audit CAP is a living document. Performance against the plan will be monitored on a regular basis and initiatives will be adjusted as needed to ensure that results continue to meet the goals and objectives of the plan. The plan projects actions and target dates for resolving the issues. All projections are based on currently known information and may change over time.

LINKING THE CAP TO NASA'S FINANCIAL LEADERSHIP PLAN (RP)

In 2004, NASA's Office of the Chief Financial Officer published a four-year Financial Leadership Plan. This plan lays out the vision for financial management at NASA through three comprehensive goals:

- 1. Provide the Agency's Mission Directorates and Mission Support Areas with the financial knowledge, information and tools required to effectively manage programs, projects, institutions and overall NASA resources.
- 2. Ensure that all stakeholders have a clear understanding and accurate assessment of how NASA resources effectively and efficiently support NASA's vision.
- 3. Enable the OCFO workforce to provide world-class management and processes in support of the Agency's Mission Directorates and Mission Support Areas.

Each of these four-year goals is supported by a set of one to two-year objectives. Each objective, or set of objectives, has associated with it initiatives intended to help NASA achieve that objective. Financial Leadership Plan initiatives are solution sets to known issues or improvements to current operations that contain specific activities scheduled, sequenced, and assigned in documented project plans. These initiatives are led by staff members from headquarters or one of the NASA Field Centers, and staffed by appropriate subject matter experts from across NASA. The graphic depicts the relationships throughout the planning process.



This corrective action plan represents one set of initiatives that specifically addresses NASA's ability to provide accurate, reliable and timely financial information to decision-makers and external stakeholders. The Financial Leadership Plan includes other financial management improvement initiatives not directly linked to NASA audit recommendations.

MANAGEMENT OVERSIGHT

NASA's commitment to making financial management improvements is evident at all levels of the organization, not just in the Office of the Chief Financial Officer. This plan was developed through a combined effort of the owners and operators of both the financial and those non-financial processes that are contributing to the identified weaknesses. Through the sponsorship of NASA's Administrator and Deputy Administrator, the Agency is clear about the importance of resolving these outstanding management and internal control weaknesses. Several infrastructure elements are in place to help ensure the plan's success.

OCFO Governance Structure

The Office of the Chief Financial Officer has developed a governance structure that will help to guide and speed information flow during the implementation of the corrective action plan. Recommendations for change that result from implementation of the plan will be presented to either the OCFO Financial Steering Group or the Financial Executive Roundtable, depending on the scope and magnitude of the anticipated changes, for approval and disposition. These groups are made up of OCFO headquarters and Field Center leadership who will have the ultimate responsibility for implementing changes in NASA financial processes and systems. The use of the governance structure will add discipline to the corrective action process, and speed communications and implementation.

Monthly and Quarterly Oversight

Measuring progress against the corrective action plan begins with regular status reports from the initiative owners. The OCFO's program management function will assess progress, make project management recommendations, and suggest changes to specific initiatives, as necessary. Progress is measured both in terms of completed activities and assessments of work products.

The OCFO will report on overall corrective action plan progress monthly to the Agency's Deputy Administrator. The Deputy Administrator has the authority to determine Agency improvement priorities and to address resource needs.

The OCFO will provide regular updates to NASA's Inspector General and, as needed, with IG auditors.

Enhanced Human Resources

Having the necessary resources to implement the plan is a recognized challenge. The Office of the Chief Financial Officer has received the authority to hire the staff and engage the contractors it needs to execute its responsibilities against the plan. The challenge lies in finding the right people at the right time, quickly familiarizing

those people with the current issues, processes and systems, and doing all of this while managing the day-to-day operations of the office.

CHAPTER 2: THE ELEMENTS OF THE CORRECTIVE ACTION PLAN (CAP)

CHALLENGES IDENTIFIED BY THE NASA INSPECTOR GENERAL

Each year the Inspector General (IG) conducts financial audits assessing NASA's operations and facilities as required by the Chief Financial Officers' Act of 1990 (Public Law 101-576) as amended. In 2005, as in 2004 and 2003, the IG's independent public auditors determined that the scope of their work was not sufficient to enable them to express an opinion on NASA's financial statements.

From the work that the independent public auditors were able to perform, they identified four reportable conditions, three of which they considered to be material. Each of these reportable conditions is a repeat condition from the fiscal year 2004 financial audit. A material weakness is an identified problem that may impact the accuracy and reliability of financial information. NASA is committed to implementing solutions that best resolve these weaknesses.

The reportable conditions and NASA's goals, objectives and strategies for resolving them are contained in this section of the plan.

Initiative Overviews

Financial Systems, Analyses, and Oversight
Fund Balance With Treasury
Property, Plant & Equipment
Environmental Liabilities

1. Financial Systems, Analyses, and Oversight. (Material Weakness)

"Although progress was made [since the 2004 audit], significant financial management issues continue to impair NASA's ability to accumulate, analyze, and distribute reliable financial information." (Reference: NASA Fiscal Year 2005 Performance and Accountability Report (PAR), Part 3, page 193)

Background

The implementation of NASA's Core Financial system in fiscal year 2003 represented a major transformation in NASA's financial management systems and processes. Immediately following the completion of the system's implementation, challenges were identified in system processing, configuration and capabilities. While challenges from this major change were anticipated, it has taken longer than expected to stabilize the financial environment. The current version of NASA's automated financial system has capability limitations which have required the definition and implementation of compensating controls. Examples of these limitations include:

- Audit trails within the system do not distinguish between source documents of original entry and correction transactions
- Lack of fully automated support for adjustments to prior year obligations

The independent public auditors specifically noted that documentation regarding significant accounting events, recording of non-standard transactions, and post closing adjustments, as well as corrections and other adjustments made in connection with data conversion issues must be strengthened. (Fiscal Year 2005 PAR, page 211)

Future versions of the Core Financial system promise to provide capabilities to improve the integrity of budgetary ledger postings and to further automate accounting processes. NASA has scheduled a system update early in fiscal year 2007 that is intended to address many of these issues through enhanced system capabilities and process improvements.

Implementation of a Commercial Off-the-Shelf Software (COTS) package in the federal government has presented its own set of challenges. The alignment of NASA processes and its enterprise resource planning (ERP) system is an ongoing activity.

Goal

NASA's goal for resolving this material weakness is to improve NASA's financial management system and processes to achieve accurate, reliable and timely financial information.

Objective

Supporting that goal is the objective of developing core standard agency-wide procedures and tools to review and validate that financial data and processes are consistent with authoritative guidance issued by FASAB, Treasury and OMB.

Strategy

The strategy for achieving that objective is to develop and implement procedures to identify and validate financial data and processes in IEMP, to strengthen internal controls to ensure consistency with authoritative guidance, and to implement automated financial system enhancements to complement process changes.

Accomplishments in Fiscal Year 2005

NASA made progress in 2005 towards resolving this material weakness, which was also identified in 2004. Highlights of these accomplishments are provided below, grouped by categories identified in the 2004 financial audit.

“Lack of Integrated Financial Management System” (2004 Audit Finding Category)

- NASA eliminated noted weaknesses in its Integrated Enterprise Management (IEM) information technology control environment (NASA’s financial system is one component of IEM). The weaknesses were identified in three control areas: access controls; systems software; and, segregation of duties.
- NASA implemented compensating controls and improved system capabilities to improve its ability to identify and document correction activities within the Core Financial system. With these improvements, audit trails have been established by identifying and linking certain system transactions between original, reversal and re-post transactions.
- Through systems configuration analysis and modification, and through the reconciliation of remaining data anomalies from conversion in 2003, NASA generated fully supported year-end financial statements directly from the Agency’s Core Financial system. Year-end balances are now supported by the Core Financial system.

“Financial Statement Preparation and Analysis” (2004 Audit Finding Category)

- Through policies and procedures established in NASA’s Financial Management Requirements (FMR), Volume 19, *Periodic Monitoring Controls Activities*, all NASA Field Centers are performing 23 financial reconciliations or verifications on a scheduled basis. Field Center CFOs are providing certifications for each reconciliation or verification to Headquarters, where they are tracked and reviewed.
- NASA Field Center CFOs and Deputy CFOs reviewed and certified the year-end financial management data from their Centers, and included a statement that all corrections were fully documented, for audit trail purposes, in NASA’s official audit tracking system.
- NASA developed and adopted enhanced financial statement validation procedures and checklists for use at all Field Centers and Headquarters. Through the preparation of extensive crosswalks between NASA and Treasury financial data, the Agency has validated that both the data and the business rules for posting data into specific accounts are accurate. Also, checklists are now in place for the preparation of financial statements. These checklists are reviewed and certified by Field Center management.

“Additional Controls Need to be Strengthened” (2004 Audit Finding Category)

- NASA’s Office of the Chief Financial Officer (OCFO) increased staffing to support financial management activities. In May 2005, NASA’s OCFO received relief from a NASA-wide hiring freeze and approval to increase its headcount in fiscal year 2006 at Headquarters by 34 positions (including 2 Senior Executive Service leadership positions) and at Field Centers by 50 positions. As of February 1, 2006, 90 percent of these positions have been filled.
- NASA published the first volumes of the NASA Financial Management Requirements (FMR) to ensure complete and consistent application of NASA financial management policy. The FMR has been distributed to appropriate Headquarters and Center staff.
- NASA established a financial quality assurance function to provide direction and focus for NASA Internal Control activities. This function has developed an agency-wide Policy Compliance Review Plan, a corporate quality assurance strategy, and a comprehensive internal control strategy to ensure that the agency is positioned to successfully meet OMB A-123 requirements. In addition, all Centers have received internal control training in conjunction with quality assurance visits.
- Other noted weaknesses have been addressed through compensating controls for subsidiary ledgers and systems, including property, to ensure the quality of data entered into the official accounting system. A new system was created for Contractor held assets, Contractor-Held Asset Tracking System (CHATS). CHATS implementation has provided additional validation and checks and balances for property data input.

Approach for Fiscal Year 2006

NASA has developed a comprehensive set of planned corrective actions to further address each of the financial audit recommendations. Following is a set of tables that track each planned corrective action to the recommendations in the financial audit report.

Material Weakness or Reportable Condition with Recommendation	Number	Planned Corrective Action (PCA)	Target Date for PCA Completion
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1a: Continue to improve its financial reporting and internal quality review procedures to reasonably assure that information presented in the Performance and Accountability Report is accurate and consistent with the requirements of OMB Circular A–136, Financial Reporting Requirements.		Perform a review and verification to ensure that information presented in the Performance and Accountability Report (PAR) is accurate and consistent with OMB Circular A–136, Financial Reporting Requirements.	11/15/06
	PCA 1	Submitted fiscal year 2005 PAR to AGA for feedback on the construction, content, and applicability of the report, as part of the CEAR Award process.	Complete
	PCA 2	Review results of CEAR review process	3/31/06
	PCA 3	Gather feedback on PAR from OMB and Mercatus	3/31/06
	PCA 4	Review latest revision of OMB Circular A–136 and incorporate required updates for fiscal year 2006 PAR.	2nd Quarter
	PCA 5	Review PAR's from other Federal Agencies to identify potential areas of improvement for NASA.	3/31/06
	PCA 6	Incorporate improvements in the Management Discussion and Analysis (MD&A) section of the PAR as appropriate based on feedback received.	Draft by 7/31/06. Final by 11/15/06
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1b: Configure the Core Financial Module to provide a breakdown of net costs consistent with programs identified in NASA's strategic plan and in the Management's Discussion and Analysis (MD&A) section of the financial statements.	PCA 7	Verify accuracy of the MD&A portion of the PAR and compile supporting documentation.	Volume to accompany Draft MD&A by 7/31/06. Volume to accompany Final by 11/15/06
		Modify the statement of net cost (SONC) to provide a breakdown of net costs consistent with strategic plan and in the Management Discussion and Analysis (MD&A) section by major line of business.	To coincide with 2nd quarter financial statements
	PCA 1	Defined the requirements and breakdown for the SONC; submitted a Service Request (SR) to initiate the development of the report in SAP; and reviewed the requirements with IEMP Competency Center (CC).	Complete
	PCA 2	Developed the report in SAP based on the requirements submitted by OCF0 and coordinate with OCF0 as needed.	Complete
	PCA 3	Test (jointly) the report to ensure the report meets the requirements, with OCF0 approval required for production client.	2/21/06
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1c1: Ensure that systems used to prepare the financial statements are complete and have been sufficiently tested prior to interim and year-end reporting dates.	PCA 1	Generate monthly financial statements and review prior to interim and year-end reporting dates to ensure completeness. Produce monthly financial statements from SAP.	Monthly
	PCA 2	Establish a cross-Agency task team to develop monthly schedule with due dates for data processing, reconciliations, verifications, feedback, and reports.	3/1/06
	PCA 3	Distribute monthly schedule to Centers	3/3/06
	PCA 4	Implement monthly schedule	3/31/06

	PCA 5	Established procedures to ensure that all system configuration changes are subject to regression tests and year-end test procedures which validate that changes made to the Core Financial System are valid, appropriate, and do not adversely impact end-to-end business processes, including external reporting.	Complete
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1c2: NASA should continue to validate its data within the Core Financial Module to resolve issues with data integrity that date back to the system conversion in fiscal year 2003 to ensure that date is accurate and complete.	PCA 1	Update Center workplans to capture remaining data anomalies from fiscal year 2003.	2/10/06
	PCA 2	Coordinate corrective actions with Centers and IEMP Competency Center to determine necessary steps.	3/31/06
	PCA 3	Monitor progress until remaining data anomalies are resolved	6/30/06
	PCA 4	Perform monthly reconciliation of financial data residing in the core financial system.	Monthly
	PCA 5	Verify that Centers and IEMP Competency Center are executing standard reconciliation procedures.	Monthly
	PCA 6	Review results of Center and IEMP Competency Center reconciliation procedures.	Monthly
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1c3: In addition, NASA should continue to develop a long-term solution within IEMP to identify, support, and track adjustments made to general ledger accounts.	PCA 1	Establish and implement an error correction and prior period adjustment procedure consistent with the FASAB (SFFAS #7) standards that allows for the tracking of these items within SAP.	2/28/06
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1d: Continue to devise short-term and long-term resolutions to IEMP systematic and integration issues. Lack of internal controls surrounding costs in excess of obligations and downward adjustments.	PCA 1	Established safeguards to ensure that system does not pay cost in excess of obligation.	Complete
	PCA 2	Develop compensating procedures to analyze Business Warehouse on a quarterly basis to ensure that liabilities are appropriately recorded.	3/31/06
	PCA 3	Formed cross-functional task team to review current process and identify opportunities for reengineering.	Complete
	PCA 4	Conducted benchmarking sessions with Dept. of Education, Dept. of Agriculture, and others to identify best practices and lessons learned for funds control, cost collection, and accrual processing.	Complete
	PCA 5	Drafted proposed process design and high level requirements	Complete
	PCA 6	Obtained OCFD and Center CFO approval of SAP Version Update Project Scope Document which incorporated requirements from task team efforts.	Complete
	PCA 7	Incorporate process design into Core Financial System Update Version project.	3rd Quarter Fiscal Year 2006
	PCA 8	Implement Core Financial System Version Update project, including improved process designs.	10/1/06

Material Weakness or Reportable Condition with Recommendation	Number	Planned Corrective Action (PCA)	Target Date for PCA Completion
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1e1: Formally document roles and responsibilities of Headquarters, IEMP Competency Center, and center financial management personnel across all levels to ensure that appropriate responsibilities are aligned with job functions and that accountability is achieved at each level.	PCA 1	Developed an Operational Level Agreement (OLA) for the IEMP Competency Center and Agency CFO to operate under that prescribes their respective responsibilities pertaining to master data management and periodic closing processes.	Complete
	PCA 2	Finalized the OCFO Governance Structure, which encompasses the decision making process within the financial management community and its communications with IEMP.	Complete
	PCA 3	Developed performance metrics for Center CFOs to monitor compliance with OCFO priorities, strategies, and objectives, as documented in the Financial Leadership Plan.	Complete
	PCA 4	Shared performance metrics with Center CFO's	2/1/06
	PCA 5	Begin capturing metric information	2/28/06, utilizing 1st Quarter data
	PCA 6	Conduct quarterly evaluations or progress with Center CFO's	Quarterly beginning 4/26/06
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1e2: Additionally, we recognize that resource limitations may constrain NASA's ability to execute its mission. Management should continue to focus on filling key vacancies within the financial management organization.	PCA 1	Continue to hire as expeditiously as possible up to allocated ceiling	On-going
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1f: Provide additional "hands-on" training for financial personnel—at headquarter and center levels—to ensure that they understand their roles in processing transactions, performing account analyses and reconciliations, maintaining supporting documentation, and updating their knowledge of financial reporting requirements.	PCA 1	Issued quarterly report documenting all training conducted during the 1st quarter of fiscal year 2006.	Complete
	PCA 2	Utilize a needs assessment and develop a training plan for providing the following training: Processing transactions, Performing account analyses and reconciliations, Maintenance of supporting documentation, and Financial reporting requirements.	3/31/2006
	PCA 3	Execute and monitor the plan on a quarterly basis	9/30/2006
#1 Financial Systems, Analyses, and Oversight (1a–g) Recommendation 1g: Develop reports from the Core Financial Module to facilitate reviews and ensure that aging of transactions and open items, unliquidated obligations, grants, and other key areas are periodically assessed, re-searched, and resolved.	PCA 1	Produce a series of management reports to facilitate financial management oversight and analysis: e.g. aging, delinquencies, prompt payment, etc. Suite of reports will be continually enhanced based on management requests.	Monthly 15th working day

2. *Further Research Required to Resolve Fund Balance With Treasury Differences. (Material Weakness)*

“Although we were informed that many errors from fiscal year 2003 were resolved, significant errors within the accounting system were still being identified by NASA in fiscal year 2005. Fund balance with Treasury reconciliation processes were ineffective in fiscal year 2004 and much of fiscal year 2005, through the date of our visits to centers, but it is our understanding that steps taken by NASA in the last quarter of the year are believed by NASA management to have substantially improved the effectiveness of such reconciliations.” (Reference: NASA Fiscal Year 2005 Performance and Accountability Report (PAR), Part page 201)

Background

NASA’s Fund Balance with Treasury represents monies the agency can spend for authorized transactions. Each month, NASA is required to reconcile the difference between the amount of money it reports to be in its Fund Balance with Treasury with the amount that Treasury reports to be in the account. The 2005 audit identified FBWT as a material weakness due to unreconciled discrepancies between Treasury’s balance and the balance represented in NASA’s Core Financial system.

IG auditors indicated that documentation to support the application of rigorous reconciliation processes was not available for their review. (Fiscal Year 2005 PAR, page 211)

Goal

NASA’s goal for resolving this material weakness is to fully reconcile the agency’s Fund Balance with Treasury and to process any future corrections in a timely manner.

Objective

Supporting that goal is the objective of monitoring Fund Balance With Treasury on a regular basis to ensure compliance with NASA and Treasury policies, procedures and practices.

Strategy

The strategy for achieving that objective is three-fold:

- 1. Center CFOs will perform monthly reconciliations and certify their completion with Agency OCFO.
- 2. Agency OCFO will perform monthly reviews of Center reconciliations to ensure compliance with reconciliation policies and procedures.
- 3. OCFO will institute management reviews and monitor compliance with the following metrics:
 - a. Reconciliations performed every 30 days
 - b. Corrections processed within 120 days of discovery

Accomplishments in Fiscal Year 2005

In fiscal year 2005, NASA enhanced its funds distribution process through policy and procedural changes to minimize manual and repetitive process steps. The Agency will continue to refine and implement enhancements.

In addressing previous year differences in NASA’s Fund Balance with Treasury, the OCFO reduced the out of balance condition through the following actions:

- Developed and implemented a standard process that requires a review and approval process be followed to correct errors, supported with appropriate documentation.
- Implemented across all Field Centers standard reconciliation procedures and associated templates to monitor FBWT status on a monthly basis. These procedures will help to ensure timely resolution of variances. The procedures make up the *Periodic Monitoring Controls Activities* handbook, Volume 19 of NASA’s Financial Management Requirements (FMR). Policy was also implemented requiring each Field Center CFO to review and certify to Headquarters monthly that the reviews and reconciliations were performed, and are complete and accurate.
- Developed and implemented a standard process to review and approve the write-off of unsupported differences.
- Established teams to resolve identified FBWT issues at targeted NASA Field Centers.
- Implemented monthly Agency cash monitoring procedures and guidelines to track reconciliations and the timely resolution of differences.
- Implemented across all Field Centers an automated cash reconciliation tool to identify differences and augment timely processing of transactions.

Approach for Fiscal Year 2006

NASA has developed a comprehensive set of planned corrective actions to address each of the financial audit recommendations. Following is a set of tables that track each planned corrective action to the recommendations from the financial audit report.

Material Weakness or Reportable Condition with Recommendation	Number	Planned Corrective Action (PCA)	Target Date for PCA Completion
<p>#2 Further Research Required to Resolve Fund Balance with Treasury Differences (2a).</p> <p>Recommendation 2a: We recommend that NASA continue to improve its current procedures to ensure that all reconciling items are thoroughly researched, timely resolved, and reviewed by appropriate center and headquarters OCFO personnel. In addition, NASA should retain all reports and documentation used in performing its fund balance with Treasury reconciliations to ensure that detailed, documented explanations and resolution actions are maintained for a sufficient audit trail.</p>	PCA 1	Status Center CFOs to ensure monthly reconciliations are performed	Monthly
	PCA 2	Review and monitor compliance with Fund Balance with Treasury policies, procedures, and practices.	Monthly
	PCA 3	Perform a CRCS to SAP reconciliation and resolve differences	6/30/06
	PCA 4	Established Fund Balance with Treasury metrics	Complete
	PCA 5	Assess compliance with Fund Balance with Treasury policies, procedures, and practices.	3/31/06

3. *Enhancements needed for controls over Property, Plant and Equipment (PP&E) and materials. (Material Weakness)*

“Consistent with prior year audit reports, our review of property, plant, and equipment (PP&E), totaling approximately \$35.0 billion, identified serious weaknesses in internal control that, if not corrected, could prevent material misstatements from being detected and corrected in a timely manner.” (Reference: NASA Fiscal Year 2005 Performance and Accountability Report (PAR), Part 3, page 203)

Background

NASA Mission-related products are designed, built and deployed to carry-out the agency’s exploration and research objectives. Given the unique scientific nature of the agency’s work, these programs, such as Hubble and the International Space Station, are highly specialized, and to develop and maintain them, NASA contracts with industry. Often multiple contractors participate in the design and creation of these products in a cycle that, in some cases, has taken as long as forty years from concept through deployment.

The primary issues related to NASA property, plant and equipment are threefold:

- 1. the accuracy and completeness of the financial records—meaning the classification (expense or asset) and valuation—of project property, plant and equipment, as well as the coding of documents at obligation that carry through expenditure
- 2. the accountability for the materials and equipment used in the construction of physical products
- 3. the accuracy and timeliness of contractor provided financial information—including the classification (expense or asset) and valuation—related to the status of contractor-held property, plant and equipment and materials

First, given the complex and unique nature of its research and development work, NASA and its respective auditors and GAO representatives, have struggled over the years to define and agree upon an approach, and related policies, for reporting program and product costs in a manner consistent with FASAB guidelines. This impacts the classification of PP&E costs (asset or expense), the valuation of interim and finished products, and, ultimately NASA’s financial statements.

Second, as contractors develop parts and components of an overall product, they ship them from the manufacturing location to various NASA Centers across the country in preparation for assembly into a finished product. NASA has been working to ensure proper control over these components.

Finally, preparation of NASA’s financial statements is dependent upon contractors and their NASA program counterparts reporting costs associated with developing these parts. The accuracy, completeness and timeliness of this reporting must be improved.

IG auditors specifically noted that controls relating principally to contractor-held PP&E and materials and NASA-held assets in space (Theme Assets) need improvement, and that headquarters oversight needs improvement. (Fiscal Year 2005 PAR, page 211)

Goal

NASA’s goal for resolving this material weakness is to improve the agency’s internal controls over its property, plant and equipment (PP&E).

Objective

Supporting that goal are the objectives to:

- 1. Develop core standard agency-wide procedures and tools to review and validate that financial data and processes are consistent with generally accepted accounting principles (GAAP) for Federal reporting entities.
- 2. Provide relevant, accurate, reliable, and timely financial property information to stakeholders.

Strategy

The strategy for achieving that objective has six elements:

- 1. Define Asset Categories (NASA-Held vs. Contractor-Held and Program Related vs. Non-Program Related), based on published accounting guidance (e.g. SFFAS #’s 6, 8, & 11 and SFAS #2)
- 2. Define appropriate accounting treatment of an asset based upon its use (Alternative vs. No Alternative Future Use), based on published accounting guidance (e.g. SFFAS #’s 6, 8, & 11 and SFAS #2);
- 3. Review NASA’s revised capitalization policy with OMB, OIG, GAO, FASAB, and E&Y;

- 4. Review and revise, as necessary, the PP&E policy regarding the accounting treatment;
- 5. Engage the entire NASA community (OCFO, Project/Program Managers, Procurement, Logistics and Facilities) in improving PP&E financial management and internal controls;
- 6. Define, Communicate, Train and Implement procedures for effective Property, Plant & Equipment Lifecycle Management, to include valuation of Assets.

Accomplishments in Fiscal Year 2005

NASA has made great strides toward enhancing its internal controls and addressing the weaknesses in NASA's accounting for its Property, Plant and Equipment and Materials.

NASA successfully implemented a system to account for assets held by contractors, Contractor Held Asset Tracking System (CHATS) to address the potential concern of inadequate supervisory reviews of the Contractor submitted data and have a data base for the costs of these fixed assets. The system is currently being used and was in place when DCAA conducted its audit of agreed upon procedures on NASA's largest contractors. As a part of the audit, DCAA reviewed whether Contractor policies and procedures provide for detecting and correcting errors reported on the Monthly CHATS reports.

The DCAA reviews were conducted closer to the end of the fiscal year than had previously been the case in order to support the asset balance on NASA's Balance Sheet at year-end. DCAA was also tasked with reviewing contractor compliance in resolving prior year reported deficiencies. Preliminary feedback from the draft reports indicates that progress has been made during fiscal year 2005 toward resolving these deficiencies.

NASA now performs the following activities to ensure reconciliations of asset transfers between contractors:

- Completion of a monthly validation checklist requiring that all transfers of \$1 million or more be supportable with appropriate documentation.
- Preparation monthly of a Transfer Matrix report by the NASA Center property accountants. This report, using the data in CHATS, lists all transfers made between and among contractors or with NASA Field Centers. This reporting will assist NASA Headquarters with readily identifying inter-contract transfers.

In keeping with the auditors' recommendation to fundamentally revisit its approach to capitalizing property, NASA developed a proposed change in accounting policy for the capitalization of Theme Assets—the largest portion of NASA's PP&E. This policy would require NASA to expense all costs as incurred for projects that are exploratory in nature, that have no alternative future uses and are not reusable or repairable (i.e. research and development type costs). The change would more accurately reflect the nature of program and project expenditures.

NASA also implemented the Project Management Information Improvement (PMI²) initiative in 2005. PMI² is a project work breakdown coding structure that tracks a project from obligation through expenditure. PMI² benefits include:

- Alignment of the Agency's technical WBS with the financial coding structure
- Data standardization and configuration management
- Consistent and standardized tool for project management reporting
- Timely, consistent and reliable information for management decisions
- Program and Project managers gain the ability to view detailed costs and obligations at the project level

Approach for Fiscal Year 2006

NASA has developed a comprehensive set of planned corrective actions to address each of the financial audit recommendations. Following is a set of tables that track each planned corrective action to the recommendations from the financial audit report.

Material Weakness or Reportable Condition with Recommendation	Number	Planned Corrective Action (PCA)	Target Date for PCA Completion
<p>#3. Enhancements Needed for Controls Over Property, Plant, and Equipment and Materials.</p> <p>Recommendation 3a1: We recommend that NASA continue to focus on resolving prior year issues and completing its implementation of suggested recommendations and developing detailed corrective action plans.</p> <p>Recommendation 3a2a: In addition, we once again place further emphasis on recommending that NASA fundamentally revisit its approach to capitalizing property.</p> <p>Recommendation 3a2b: Documenting, analyzing, and implementing robust control changes from end to end to all categories of PP&E.</p> <p>Recommendation 3a3: We also recommend that all NASA obligation documents and expenditures be coded to identify whether they relate to a property acquisition to create a control for comparison to recorded property transactions and subsidiary ledgers, be they NASA activities or contractors.</p>	PCA 1	Defined Asset Categories based on published accounting guidance and NASA's business environment—Finalized how property will be classified (e.g., NASA Held and Contractor Held Program Related vs. Non-Program Related, etc.).	Complete
	PCA 2	Completed draft defining appropriate accounting treatment per Asset category and use (based on published accounting guidance and NASA's business environment).	Draft Complete Final Complete
	PCA 3	Provide OMB, GAO, FASAB, and OIG NASA's revised capitalization policy	2/28/06
	PCA 4	Adjust capitalization policy as necessary	3/15/06
	PCA 5	Flowchart and document desired business processes and procedures, and define roles and responsibilities for effective PP&E lifecycle management, to include valuation of Assets.	3/31/06
	PCA 6	Incorporate OIG comments in the flow charts as appropriate and disposition. Identify and coordinate changes that must be made to existing policies Agency-wide. Meet with HQ Mission Support Offices (Procurement, Office of Chief Engineer, Institutions & Management, etc.). Develop a list of potential associated policy impacts Coordinate with HQ Mission Support Offices to obtain draft policy updates.	3/31/06
	PCA 7	Assign cross-functional teams to participate in Working Groups to re-engineer, as necessary, NASA's current processes and procedures.	4/3/06

PCA 8	<p>Engage working groups to:</p> <ul style="list-style-type: none"> Identify process and system(s) gaps between current processes and desired processes, as well as, identifying solutions. Specifically, teams will focus on the following areas of PP&E Lifecycle management: <ul style="list-style-type: none"> Planning Acquisition Management Control and Accountability Disposition Ensure that OIG comments regarding specific corrective actions are incorporated in the flow charts as appropriate and dispositioned. Review Compensating Control Team recommendations and other relevant material. Establish single points of accountability within the PP&E Lifecycle. Establish a certification requirement (Center Director for Real and Personal Property/Chief Engineer or Mission Director for Program Assets). Establish format for new RSSI disclosure reporting requirements. 	5/31/06
PCA 9 PCA 10	<ul style="list-style-type: none"> Develop Process Implementation Plan for Changes Agency-wide Complete interim policy and process changes, as necessary, to include the following: <ul style="list-style-type: none"> Program/Project Management policies Procurement policies Financial policies Logistics policies Facilities policies Conduct focused communication forums with accountable parties to discuss their roles and responsibilities within the PP&E lifecycle. Prepare analysis and record changes to reported fixed assets and expenses based upon revised policies. 	6/16/06 9/29/06

4. Internal controls in estimating NASA's Environmental Liabilities require enhancement.

"During our review of NASA's environmental liability estimates totaling \$825 million as of September 30, 2005, and related disclosures to the financial statements, we continued to note weaknesses in NASA's ability to generate an auditable estimate of its unfunded environmental liabilities (UEL) and to identify potential financial statement disclosure items because of a lack of sufficient, auditable evidence." (Reference: NASA Fiscal Year 2005 Performance and Accountability Report (PAR), Part 3, page 207)

Background

Due to the highly complex scientific and technical nature of NASA's work, the Agency's scientific and engineering community develops the actual estimates for environmental liabilities. The OCFO provides accounting expertise in the form of policy and guidance to the Environmental Liabilities staff responsible for developing these estimates. Once estimates have been developed, they are then delivered to the OCFO accounting staff, who records them in NASA's Core Financial system.

IG auditors specifically noted weaknesses in NASA's ability to generate auditable unfunded environmental liability estimates and to identify disclosure items. (Fiscal Year 2005 PAR, page 211)

Goal

NASA's goal for resolving this material weakness is to validate the tools and methodology used to prepare the unfunded environmental liability estimates.

Objective

Supporting that goal are the objectives to:

- 1. Develop standard agency-wide procedures to be applied by all Environmental Liability staff on the preparation, reviewing, validation, and processing of environmental liabilities, in agreement with guidance from statutory agencies (OMB, FASAB, Treasury, and State and local Governments).
- 2. Ensure that all staff involved in the development of the environmental liability estimates and in the review, analysis, and processing of those estimates in the financial system are properly trained.

Strategy

The strategy for achieving that objective is to improve existing environmental liability procedures and implement needed internal controls to assure the improved procedures are adhered to and followed. NASA will also provide proper training to all staff involved in the development of the environmental liability estimates and the review, analysis, and processing in the financial system.

Accomplishments in Fiscal Year 2005

The OCFO and the Environmental Management Division (EMD) developed a close working partnership to coordinate policies, processes and controls for estimating NASA's environmental liabilities. Members from both offices met weekly to identify and resolve issues, and determine the most appropriate steps toward improved estimates.

NASA has developed and conducted training in conjunction with the EMD for staff that provides guidance and policy for estimating environmental liabilities. The training outlines the process for estimating environmental liabilities, explains Federal accounting standards and guidance, defines quality review processes, and addresses existing audit findings.

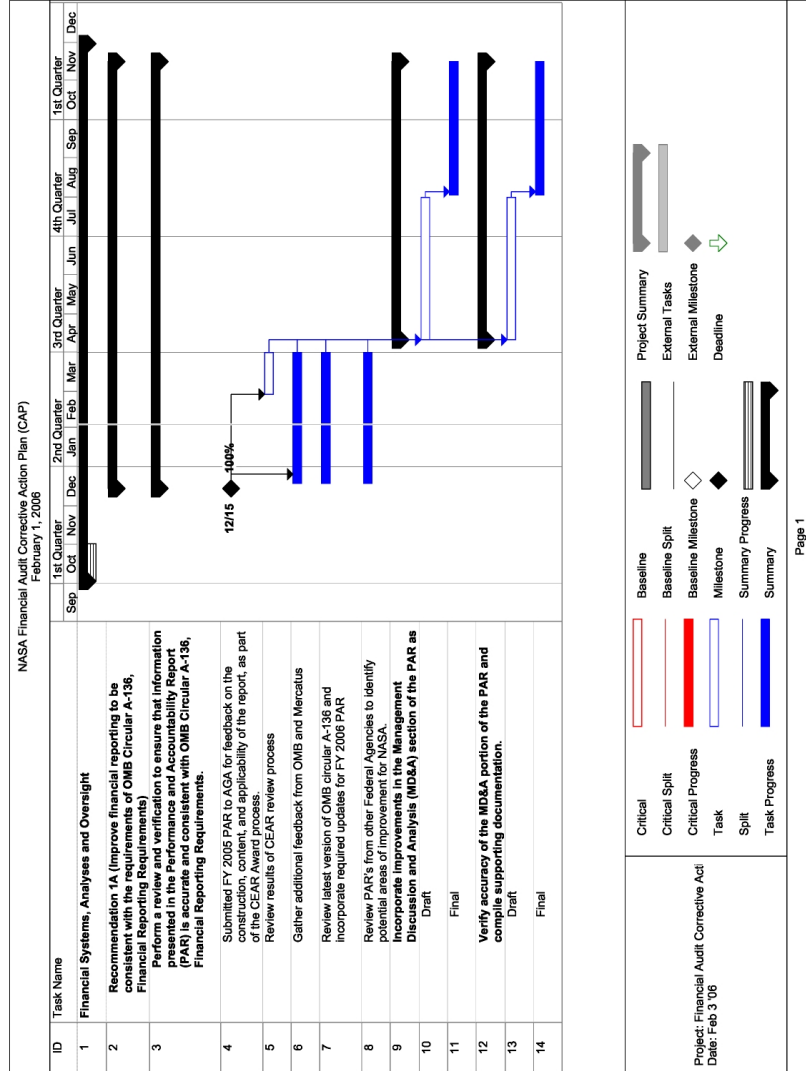
NASA has developed and published documented procedures for estimating environmental liabilities. These procedures have been distributed to all Centers.

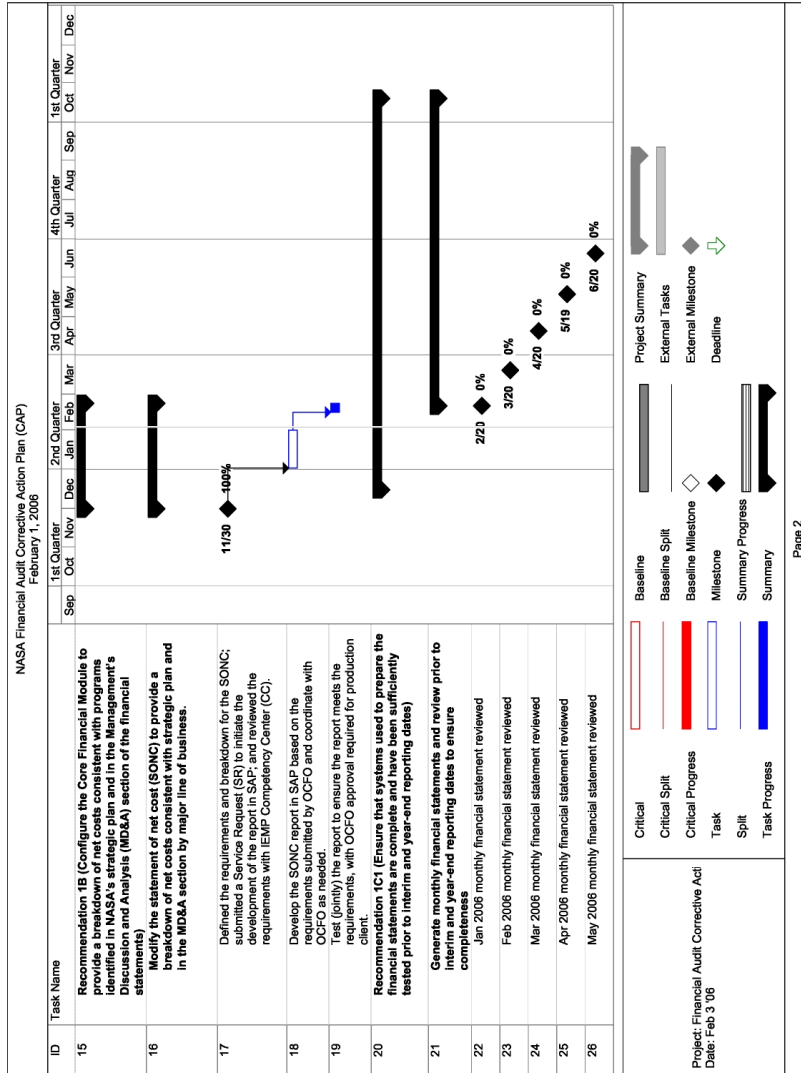
Approach for Fiscal Year 2006

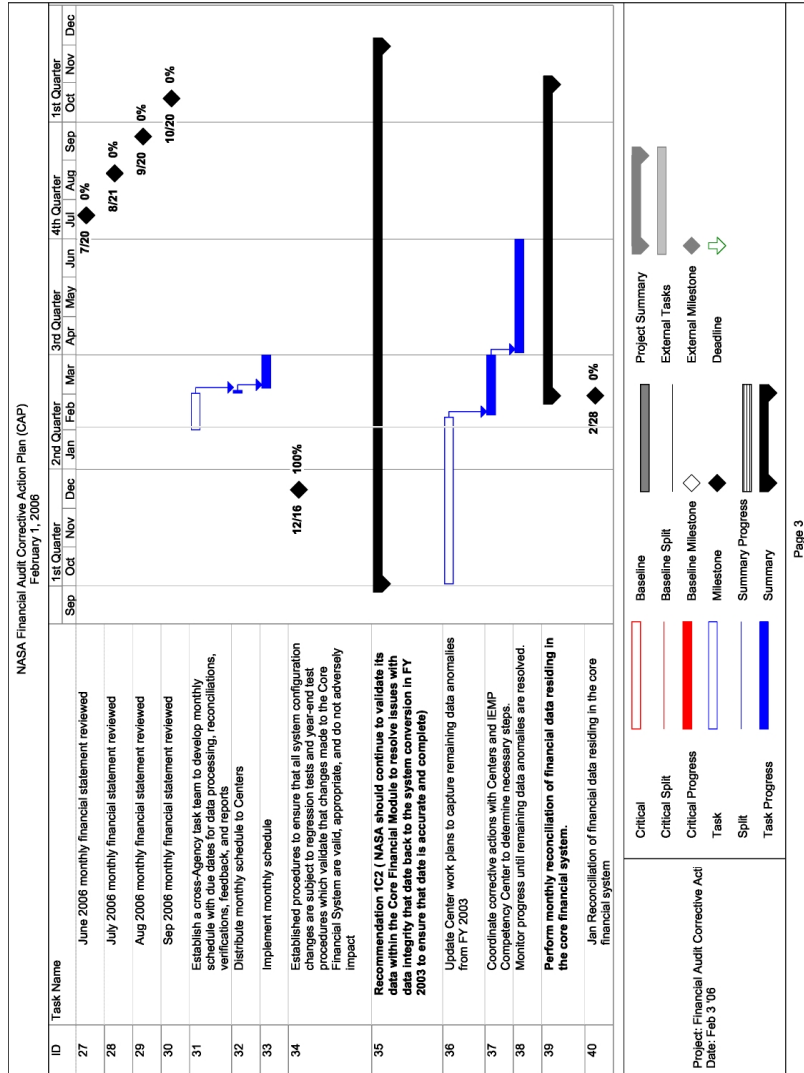
NASA has developed a comprehensive set of planned corrective actions to address each of the financial audit recommendations. Following is a set of tables that track each planned corrective action to the recommendation from the financial audit report.

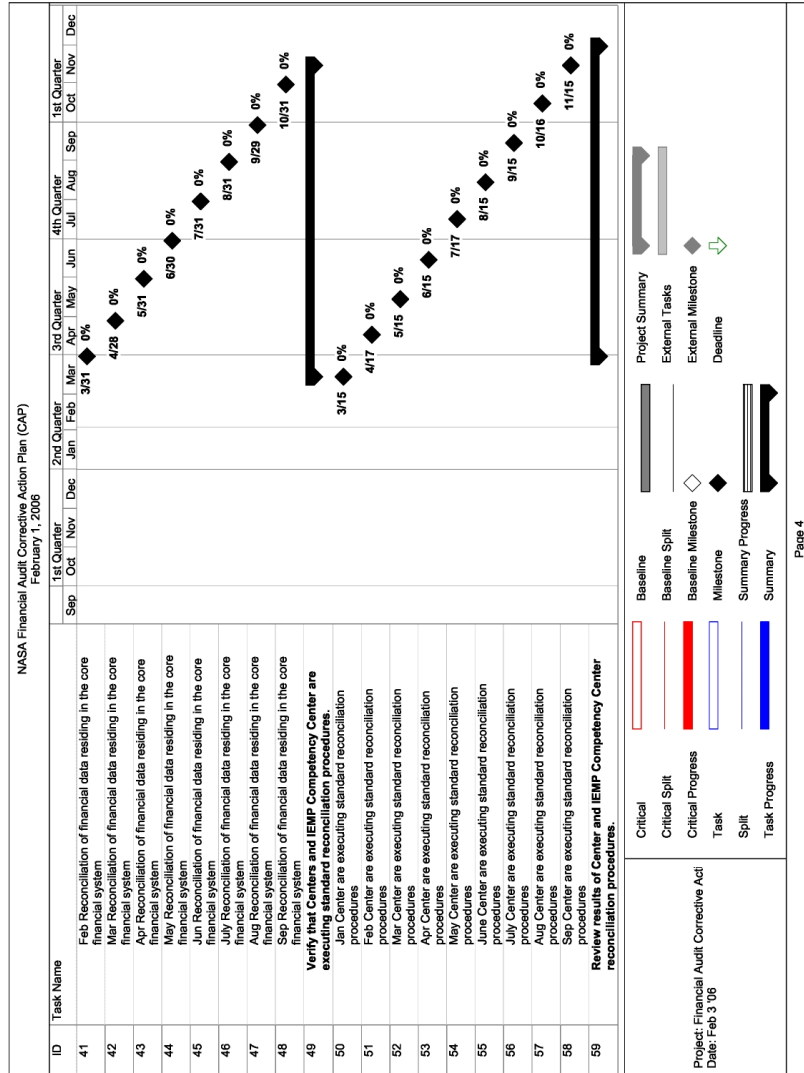
Material Weakness or Reportable Condition with Recommendation	Number	Planned Corrective Action (PCA)	Target Date for PCA Completion
#4 Internal Controls in Estimating NASA's Environmental Liability Require Enhancement. Recommendation 4a1: We recommend that NASA expedite the progress on the action plan it developed in response to our fiscal year 2004 audit.	PCA 1	Update the plan developed in response to the 2004 management letter comments.	2/28/06
	PCA 2	Host the second joint, OCF and Environmental Management Division (EMD), training course to expedite the overall resolution of the action plan.	3/31/06
	PCA 3	Develop and have available for auditor review, the Environmental Liability estimates based on 2nd quarter data.	5/31/06
	PCA 4	Conduct review of Environmental Liability estimation process	7/15/06
	PCA 5	Complete final liability adjustments based on current information	9/15/06
#4 Internal Controls in Estimating NASA's Environmental Liability Require Enhancement. Recommendation 4a2: In addition, we recommend that NASA include in the action plan the center and facility specific findings that were identified during the fiscal year 2004 audit as opposed to the current work plan steps which address only those fiscal year 2004 observations that were thought to be common across all centers or apply to headquarters.	PCA 1	Update 2004 plan to include action and timeframes for addressing and resolving center and facility specific findings.	2/28/06
#4 Internal Controls in Estimating NASA's Environmental Liability Require Enhancement. Recommendation 4a3: We also recommend that NASA's OCF perform a self-assessment of the Unfunded Environmental Liability (UEL) estimation and aggregation process. This assessment should focus on identifying additional weaknesses in NASA's UEL system that went undetected because no final estimates were available for our review at the time of our audit.	PCA 2	Jointly assess the effectiveness of UEL internal controls, cost estimation process and data gathering procedures.	3/1/06
	PCA 3	Develop review/internal control checklist	7/15/06
	PCA 4	Conduct site visits utilizing checklist	8/30/06
	PCA 4	Generate report for management review and disposition	9/15/06
	PCA 5	Incorporate changes as necessary based on joint assessment	
#4 Internal Controls in Estimating NASA's Environmental Liability Require Enhancement. Recommendation 4b: NASA should also continue to validate the tools (including IDEAL) and methodology used at the center and facility level to prepare the UEL estimates.	PCA 1	Assess utilization of IDEAL parametric model	8/30/06
	PCA 2	Incorporate changes as necessary	9/15/06

- Initiative Workplans
 - Financial Systems, Analyses, and Oversight
 - Fund Balance With Treasury
 - Property, Plant & Equipment
 - Environmental Liabilities



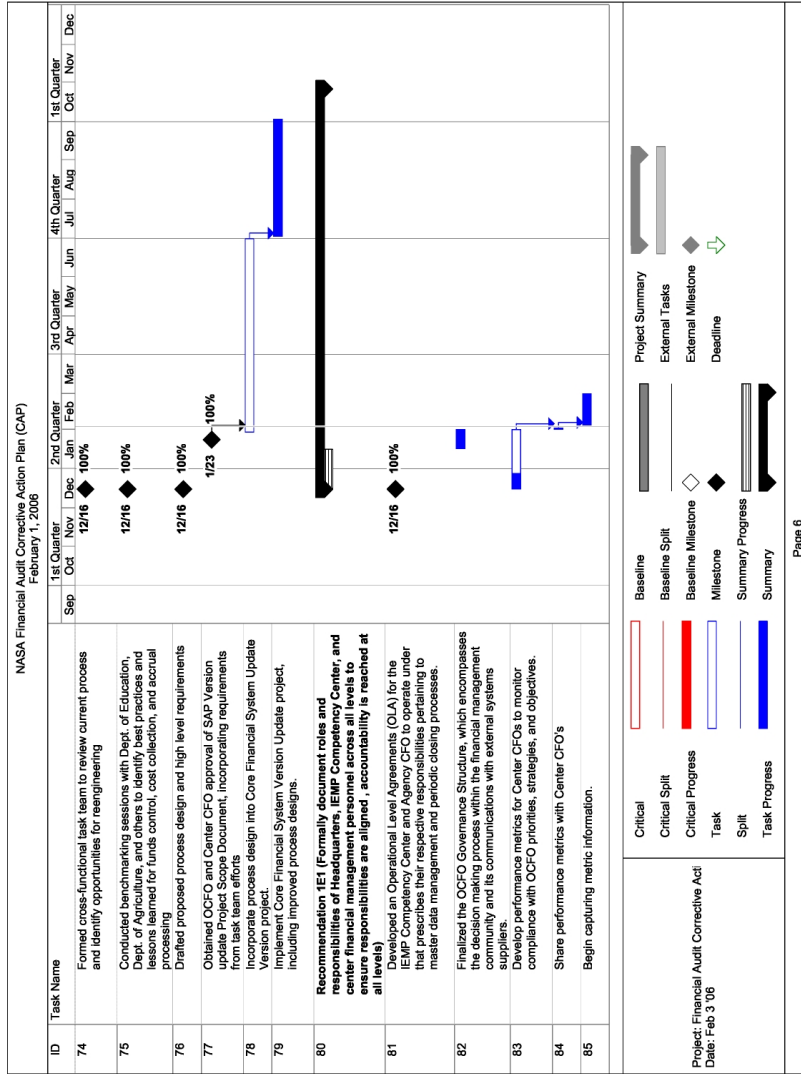


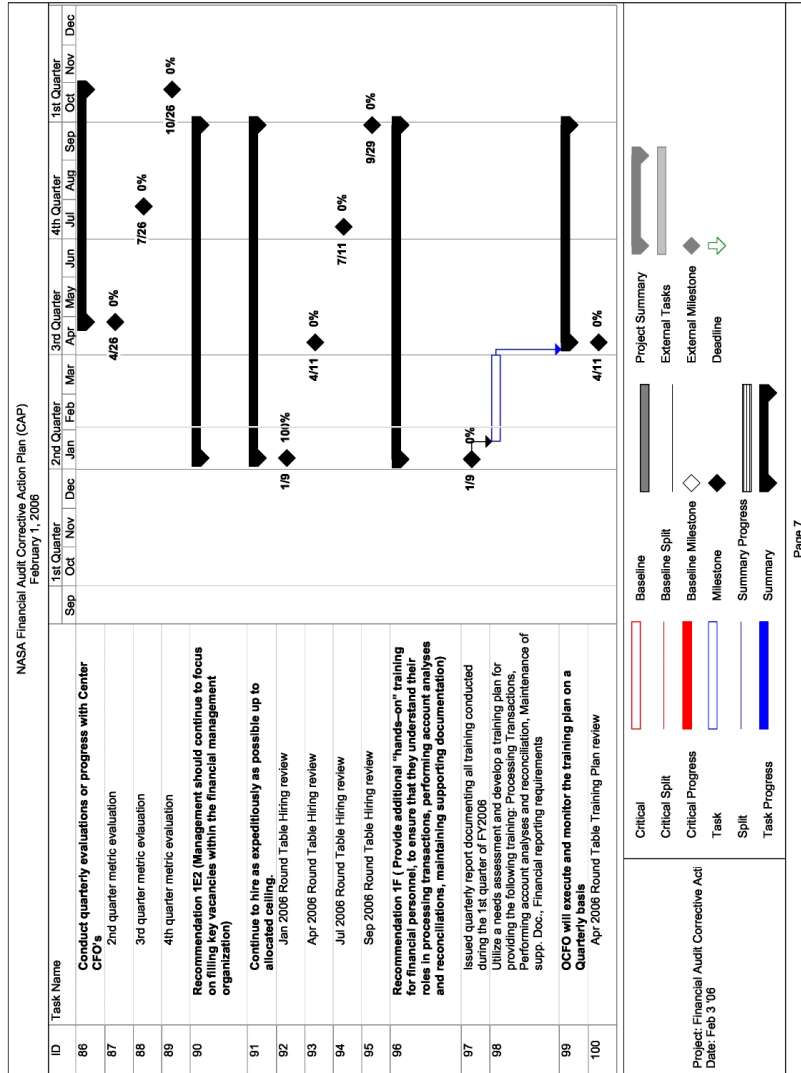


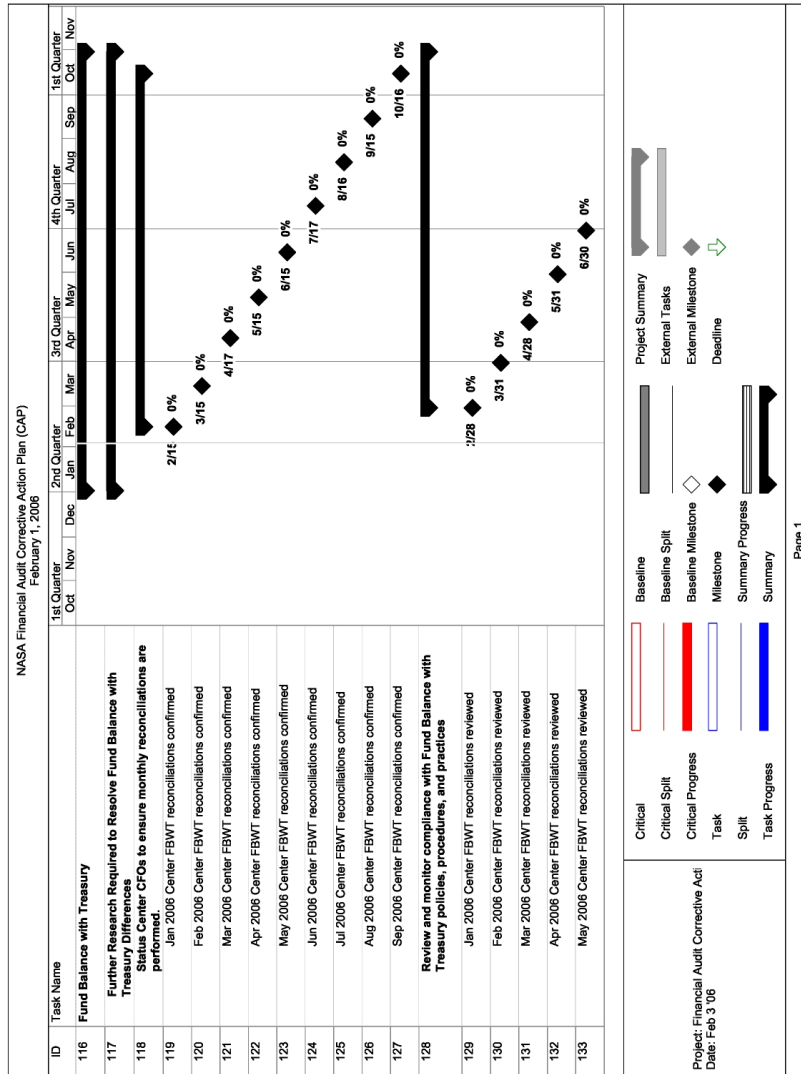


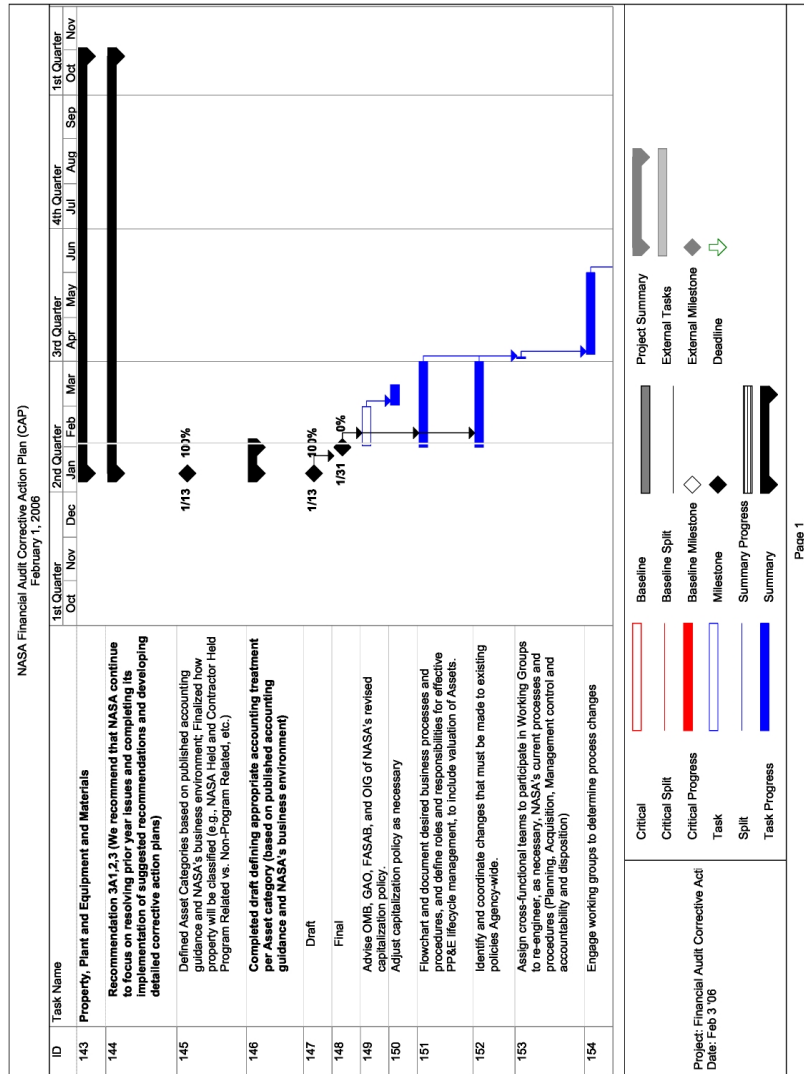
NASA Financial Audit Corrective Action Plan (CAP) February 1, 2006																										
ID	Task Name	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec									
60	Jan 2006 monthly reconciliation procedures results reviewed																									
61	Feb 2006 monthly reconciliation procedures results reviewed																									
62	Mar 2006 monthly reconciliation procedures results reviewed																									
63	Apr 2006 monthly reconciliation procedures results reviewed																									
64	May 2006 monthly reconciliation procedures results reviewed																									
65	June 2006 monthly reconciliation procedures results reviewed																									
66	July 2006 monthly reconciliation procedures results reviewed																									
67	Aug 2006 monthly reconciliation procedures results reviewed																									
68	Sep 2006 monthly reconciliation procedures results reviewed																									
69	Recommendation 1c3: NASA should continue to validate its data within the Core Financial Module to resolve issues with data integrity that date back to the system conversion in FY 2003 to ensure that data is accurate and complete.																									
70	Establish and implement an error correction and prior period adjustment procedure consistent with the FASAB (SFFAS #7) standards that allows for the tracking of these items within SAP.																									
71	Recommendation 1D (Continue to devise short-term and long-term resolutions to IEMP systematic and integration issues. Lack of internal controls surrounding costs in excess of obligations and downward adjustments)																									
72	Establish safeguards to ensure that system does not pay cost in excess of obligation																									
73	Develop compensating procedures to analyze Business Warehouse on a quarterly basis to ensure that liabilities are appropriately recorded.																									

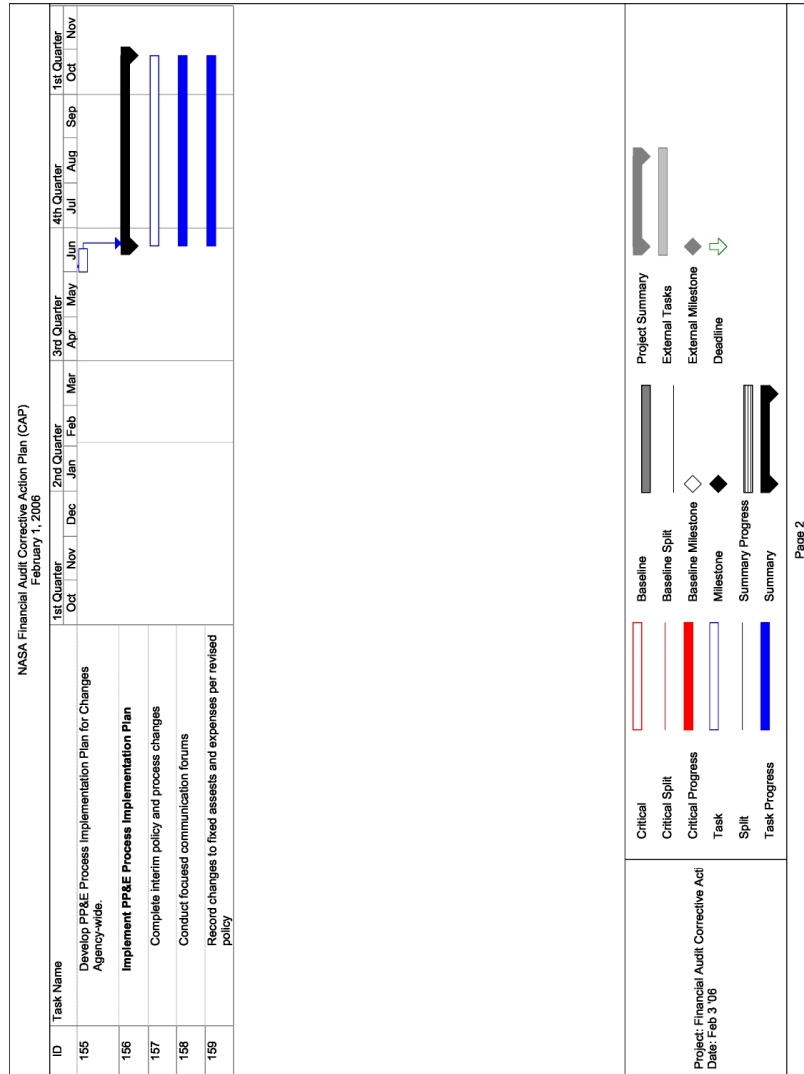
Project: Financial Audit Corrective Acti Date: Feb 3 '06	Critical	Baseline	Project Summary
	Critical Split	Baseline Split	External Tasks
	Critical Progress	Baseline Milestone	External Milestone
	Task	Milestone	Deadline
	Split	Summary Progress	Summary

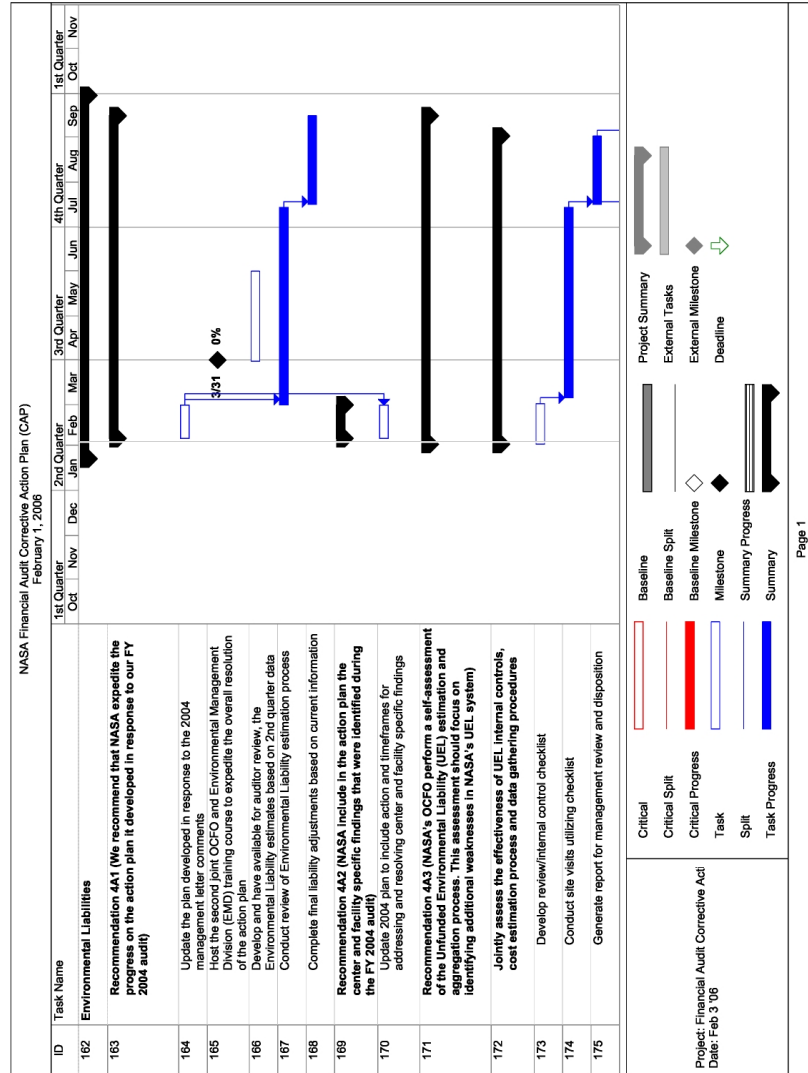












NASA Financial Audit Corrective Action Plan (CAP) February 1, 2006																									
ID	Task Name	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter				1st Quarter							
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov										
176	Incorporate changes as necessary based on joint assessment																								
177	Recommendation 4B (NASA should also continue to validate the tools (including IDEAL) and methodology used at the center and facility level to prepare the UEL estimates)																								
178	Assess utilization of IDEAL parametric model																								
179	Incorporate changes as necessary																								
Project: Financial Audit Corrective Act Date: Feb 3 '06		Critical				Critical Split				Critical Progress				Task				Split				Task Progress			
		Baseline				Baseline Split				Baseline Milestone				Milestone				Summary Progress				Summary			
		Project Summary				External Tasks				External Milestone				Deadline											

APPENDIX

ACRONYMS

CAP—Corrective Action Plan
 CC—Competency Center
 CEAR—Certificate of Excellence in Accountability Reporting
 CFO—Chief Financial Officer
 COTS—Commercial off-the-shelf
 CRCS—Central Resources Control System
 DCFO—Deputy Chief Financial Officer
 EMD—Environmental Management Division
 E&Y—Ernst and Young
 FASAB—Federal Accounting Standards Advisory Board
 FBWT—Fund Balance With Treasury
 GAO—General Accounting Office
 HQs—NASA Headquarters
 IDEAL—Integrated Data Evaluation and Analysis Library
 IEMP—Integrated Enterprise Management Program
 MD&A—Management Discussion and Analysis
 NASA—National Aeronautics and Space Administration
 OCFO—Office of the Chief Financial Officer
 OIG—Office of the Inspector General
 OLA—Operational Level Agreements
 OMB—Office of Management and Budget
 PAR—Performance and Accountability Report
 PCA—Planned Corrective Action
 PP&E—Plant, Property and Equipment
 RSSI—Required Supplementary Stewardship Information
 SAP—Systems, Applications, and Products
 SFAS—Statement of Financial Accounting Standards
 SFFAS—Statement of Federal Financial Accounting Standards
 SONC—Statement of Net Cost
 SR—Service Request
 UEL—Unfunded Environmental Liability

Question. Given this state of affairs, how can the Agency oversee the expenditure of its appropriated resources and ensure that its programs and operations are efficient and effective?

Answer. NASA relies upon an integrated system of management controls to oversee the expenditure of its appropriated resources. These controls span multiple phases of resource management from the planning, programming and distribution of appropriations through to the application and use of those resources across the entire program and project lifecycle.

With respect to oversight of appropriated funds, as appropriations are received and distributed, the Agency tracks them from appropriation to apportionments to allotments to commitments and to obligations to help ensure that NASA is tracking resource allocation through the program lifecycle.

Efficient and effective programs and operations begin with planning and budgeting. NASA's Planning, Programming, Budgeting, and Execution (PPBE) is NASA's four-phased methodology for aligning resources in a comprehensive, disciplined approach that supports NASA's Mission and directs Agency resources toward the priorities set forth by Congress and the President. PPBE also enhances financial management quality and accountability by linking the Agency's financial, programmatic, and institutional communities for mission success. PPBE provides Agency leaders with timely, accurate, and useful information about where initiatives are and are not succeeding. This process helps to ensure a budget that supports the Agency's strategic priorities and that is traceable to outcomes.

As NASA's Mission Directorates use these funds to accomplish their goals, NASA's three-Council governance structure helps to ensure that they are doing so efficiently and effectively. The Strategic Management Council serves as NASA's senior decision-making body for strategic direction and planning by determining NASA's strategic direction and assessing Agency progress in achieving NASA's Mission and the Vision for Space Exploration. The Operations Management Council oversees Center, or institutional, operations and performance while the Program Management Council (PMC) serves as NASA's senior decision-making body for baselining and assessing program/project performance to ensure successful achievement of NASA Strategic Goals and outcomes.

Below the PMC-level, NASA enforces the Agency's governance principles of "Checks and Balances" and "Balance of Power" by balancing and integrating the activities and authorities of the Chief Engineer, the Independent Technical Authority, Program Managers, and the Office of Safety and Mission Assurance.

Funding requirements are set by law for government programs. The Independent Technical Authority not under program direction sets technical requirements. And, schedule requirements are set by a variety of factors, usually external and outside the Program Manager's control.

In NASA, the Chief Financial Officer ensures funding compliance. Appropriate third parties monitor funding and schedule compliance. The Office of Safety and Mission Assurance (OSMA) ensures compliance with the established critical technical requirements. Schedule compliance is assured by third parties depending on the source of the schedule requirements. For these reasons, the Chief Financial Officer, the IG, the Independent Technical Authority, and OSMA are not in the Program Manager's chain of command.

Three independent inputs give the NASA Administrator the confidence that the Agency has exercised appropriate checks and balances of Authorities, Responsibilities, and Accountabilities.

Below these governing structures, NASA employs financial management and programmatic staff at each of its centers. These individuals have a thorough knowledge of each of the Agency's programs and projects, including the resources budgeted and expended to support those programs and projects. The processes and procedures employed to monitor program and project spending and performance were in place before the implementation of NASA's new financial management system in fiscal year 2003. As the Agency continues to stabilize its centralized financial management system, our center financial management staff, as well as programmatic staff, continue to monitor and analyze the financial health of the Agency's programs and operations.

Question. What steps has NASA taken to prevent this type of ADA violation from occurring again?

Answer. NASA agrees with each of the OIG's specific recommendations:

—*OIG Recommendation #1.*—We recommend that the Administrator report the ADA violations for the funds carried over from fiscal year 2004 to fiscal year 2005 for each affected account and for the \$30,413,590 to the President of the United States through the OMB Director, the Speaker of the House of Representatives, the President of the Senate, and the Comptroller General of the Government Accountability Office, as required by the ADA and by OMB Circular A-11, section 145.7.

—*OIG Recommendation #2.*—We recommend that the Administrator request a comprehensive demonstration by the OCFO that the appropriations available to be spent in fiscal year 2006 can be traced from appropriation to apportionments to allotments to commitments and to obligations to help ensure that NASA is not violating the ADA for fiscal year 2006.

In addition to accepting and acting upon NASA's OIG two specific recommendations, NASA has implemented specific correction actions in the OCFO. These corrective actions include:

- Certification of reconciliations by responsible financial management personnel.
- Demonstrated effective system controls that prevent obligations from exceeding apportionment control totals.
- Conducted Appropriations Law training for 30 staff in January 2006 and 8 in March 2006.
- Conducted OMB Circular A-11 training for 24 staff in February 2006. An additional course is currently being scheduled.
- Increased the staff size in the Funds Distribution branch.
- Documenting enhanced internal controls, to include:
 - Logging and tracking of all OMB apportionment requests and approvals; and
 - Reconciliation of OMB apportionments to Congressionally approved Operating Plans to the funds loaded into the Agency's centralized financial system.

Question. What is NASA's current total estimated cost to develop, implement, and maintain the Integrated Enterprise Management Program, including those costs incurred to resolve data integrity issues resulting from the initial implementation of the Core Financial system?

Answer. The development and implementation costs for NASA's Integrated Enterprise Management Program, including all the hardware, software, civil service labor, contractor labor, travel, and overhead costs associated with re-engineering business processes and implementing business systems for human capital management, financial management, asset management, and procurement and contract

management are estimated at \$842 million for the development years 2000 through 2011, consistent with the fiscal year 2007 President's budget request.

Of this total development estimate, \$82.6 million is being expended to update NASA's financial system, which, among other benefits, helps resolve data integrity issues identified with the initial core financial system implementation. Approximately, \$50 million per year is expended operating and maintaining this business systems environment.

ADA VIOLATION

Question. The NASA Office of Inspector General reported that NASA, as a result of actions by officials in the Office of the Chief Financial Officer violated the Antideficiency Act (ADA). According to the IG report, the ADA violations occurred because of the lack of internal controls within the OCFO and OCFO personnel's misunderstanding of OMB apportionment requirements.

The NASA Administrator agreed to report the ADA violations to the President of the United States through the OMB Director, the Speaker of the House of Representatives, the President of the Senate, and the Comptroller General of the Government Accountability Office, as required by the ADA.

Question. When will NASA provide its report on the ADA violations?

Answer. By letter dated June 23, 2006, the Administrator informed the Committee of activities initiated regarding recommendations concerning two ADA violations identified by the NASA Office of Inspector General (OIG) in a report dated April 10, 2006. The Administrator outlined his commitment to ensuring that the root causes of the violations are addressed and that effective remedies are instituted for all of NASA's financial management processes and systems. As part of those efforts, and in conformance with the requirements of OMB Circular No. A-11 and NASA Policy Directive 9050.3E, Administrative Control of Appropriations and Funds, the Administrator received a determination from NASA's Office of the Chief Financial Officer regarding the identification of the alleged responsible party for the violations. That individual, no longer employed with the Agency, in response to notification and the opportunity to comment, has raised matters that the Administrator determined require further investigation.

Accordingly, the Administrator directed an intra-Agency team, to include representatives from the NASA Offices of Program Analysis and Evaluation, Human Resources, and General Counsel, to conduct a *de novo* review of the situation. That review is now expected to be completed by July 31, 2006, and is expected to provide the requisite information for the Administrator to accurately and comprehensively meet reporting obligations per OMB Circular No. A-11 and complete formal notifications.

Question. Who was responsible for the ADA violations?

Answer. As indicated above, the Administrator has directed an intra-Agency team to conduct a *de novo* review that is expected to provide the requisite information to enable him to accurately and comprehensively meet reporting obligations per OMB Circular No. A-11 and complete formal notification, including identification of responsible party/parties.

Question. Has disciplinary action been considered as required by OMB Circular No. A-11?

Answer. This determination will be an outcome of the review currently underway.

Question. The IG's report noted that the OCFO was unable to determine the exact amount of the ADA violations because of the unreliability of NASA's financial management system. Given this state of affairs, how can the Agency oversee the expenditure of its appropriated resources and ensure that its programs and operations are efficient and effective?

Answer. The ADA violations occurred because of NASA's failure to file timely reapportionment requests with the Office of Management and Budget and not as a result of NASA's financial management system.

NASA has implemented corrective actions to ensure that reapportionment requests are filed in a timely manner and that internal controls are in place. These actions include:

- Certification of reconciliations by responsible financial management personnel.
- Demonstrated effective system controls that prevent obligations from exceeding apportionment control totals.
- Conducted Appropriations Law training for 30 staff in January 2006 and 8 in March 2006.
- Conducted OMB Circular A-11 training for 24 staff in February 2006. An additional course is currently being scheduled.
- Increased the staff size in the Funds Distribution branch.

- Developing and documenting enhanced internal controls, to include:
- Logging and tracking of all OMB apportionment requests and approvals; and
- Reconciliation of OMB apportionments to Congressionally approved Operating Plans to the funds loaded into the Agency's financial system.

Question. In committing the ADA violations, did NASA expend any funds beyond those appropriated by Congress or, in a way that was inconsistent with Congressional direction?

Answer. NASA did not expend funds beyond those appropriated by Congress or in a way inconsistent with Congressional direction. NASA's violations were the result of its failure to file timely reapportionment requests with the Office of Management and Budget. The first violation occurred during fiscal year 2005 when NASA authorized and obligated in fiscal year 2005 the unobligated balance of congressionally appropriated two-year funds from fiscal year 2004 without requesting an fiscal year 2005 reapportionment as required by OMB Circular A-11. The second violation occurred when NASA failed to submit a timely reapportionment request to OMB in August 2004 to match congressionally approved Operating Plan changes.

Question. Were any NASA programs or operations adversely impacted financially or operationally as a result of the ADA violations?

Answer. No programs were impacted as a result of the first violation and no funding adjustments were necessary. To correct the second violation, NASA de-obligated \$30 million of fiscal year 2004 funds and used fiscal year 2005 funds to correct the overobligation. These de-obligated funds remain available to the impacted Mission Directorate to make any future upward adjustments to contracts awarded in fiscal year 2004.

Question. What has NASA done to assure itself that it has not committed any additional ADA violations?

Answer. NASA's Office of the Inspector General has recommended, and NASA has agreed, that NASA's Office of the Chief Financial Officer demonstrate to the NASA Administrator that the appropriations available to be spent in fiscal year 2006 can be traced from appropriation to apportionments to allotments to commitments and to obligations to help ensure that NASA is not violating the ADA for fiscal year 2006.

Question. What steps has NASA taken to prevent this type of ADA violation from occurring again? Will there be any independent analysis to affirm that the measures implemented by NASA will prevent future ADA violations, in any form?

Answer. NASA has implemented corrective actions to ensure that the weaknesses that led to the violations have been addressed. These actions include:

- Certification of reconciliations by responsible financial management personnel.
- Demonstrated effective system controls that prevent obligations from exceeding apportionment control totals.
- Conducted Appropriations Law training for 30 staff in January 2006 and 8 in March 2006.
- Conducted OMB Circular A-11 training for 24 staff in February 2006. An additional course is currently being scheduled.
- Increased the staff size in the Funds Distribution branch.
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NASA CENTERS

Question. One of the dilemmas that NASA faces is that some centers are better positioned to have future work on missions than others at NASA. It has been mentioned that an option NASA would entertain is to move the work to centers that will be having difficulty in the next few years in order to keep skilled workers at NASA. While NASA should do all it can to keep the skilled employees at NASA, I am concerned that this option could marginalize all of the centers.

How do we ensure this does not occur? Could you please provide this Committee with an update on how NASA has eliminated, or is eliminating, the uncovered capacity related to facilities? Could you please explain how moving research projects from a Center with low uncovered capacity to a Center with high uncovered capacity reduces NASA's total uncovered capacity?

Answer. As the NASA Administrator testified to both the House and Senate, “NASA is focusing its efforts to solve its uncovered capacity workforce problems through a number of other actions, including the assignment of new projects to research Centers that will strengthen their base of in-house work, the Shared Capability Assets Program that should stabilize the skills base necessary for a certain specialized workforce; the movement of certain research and technology development projects from certain centers not suffering from uncovered capacity problems to centers that are; retraining efforts at field centers so that the technical workforce can develop new skills; and the pursuit of reimbursable work for projects and research to support other government agencies and the private sector through Space Act Agreements.”

None of the above actions marginalizes any one Center. NASA’s goal is not to make all Centers equally unhealthy, nor to transfer work packages so that all Centers end up with equal or near-equal amounts of future work on NASA missions. Such an expectation is not realistic. Rather the goal is to increase the future work at Centers currently having difficulty sustaining workforce skills, while not damaging the ability of the other Centers to maintain their workforce skills that are critical to NASA’s future. NASA Centers cannot grow in size, but must effectively use other field Centers to get programs done. Work moving between Centers will be done with assurances that it does not aggravate an existing or potentially problematic situation. The decisions associated with work transfers, however, will not be based solely on numbers, but also on skills’ availability and mismatches. For example, NASA may seek to place additional scientific work at a Center with uncovered scientists, but may move a limited number of engineering tasks (where its engineering workforce is saturated with work) to another Center that has uncovered engineers with the necessary skills to complete those tasks. Such transfers allow the Agency, “to do all it can to keep skilled employees at NASA.”

Regarding facilities and related workforce, NASA continues to pare the infrastructure wherever we can do so without compromising our mission. This is an ongoing process. To date, the workforce has been reduced by over 900 people through buyouts. Eligible employees for buyouts included those associated with excess infrastructure.

PROCUREMENT

Question. This Committee has consistently noted their concern about NASA’s lack of transparency in contracting practices as well as significant cost overruns. These issues have also been recognized by the GAO and the NASA IG.

What is the Agency doing to improve its management of these programs in order to reduce its vulnerability to additional cost overruns?

Answer. Over the past three years since the GAO and IG reports were issued, NASA has implemented a number of initiatives aimed at improving its cost estimating performance. These include an overarching initiative called Continuous Cost Risk Management, which requires the NASA project management, and cost estimating community to identify elements in projects, which have the potential to induce high cost and/or schedule risk. CCRM goes on to include methods for tracking these risks throughout the life cycle and methods for applying cost risk dollars toward risk mitigation. The proper use of cost risk analysis itself has been greatly emphasized by the Agency as a new tool in its programmatic planning process. All major projects are now required to perform a cost risk analysis to identify the range of cost that is indicative of the risk of projects. Based on the cost risk analysis, the Administrator is requiring projects to budget to an independent cost estimate (ICE) that generally achieves a 70 percent level of cost confidence.

Other improvements in NASA cost estimating includes the institutionalization of a new cost data collection system, the Cost Analysis Data Requirement (CADRe) which takes “snapshots” of each project’s technical, programmatic and cost status at 5 key milestones across the project life cycle. The CADRe forms the basis of estimate for ICEs, which are being performed by the Independent Program Assessment Office within the Program Analysis and Evaluation organization at NASA Headquarters. All CADRe submissions are being maintained in a new NASA cost estimating data base, ONCE (One NASA Cost Engineering Data Base) for the use of the NASA cost estimating community.

All of the above efforts should lead to a vastly improved ability to estimate projects more accurately at their outset and at the time the Agency makes a formal commitment to OMB and Congress, which is at Preliminary Design Review (PDR). After PDR, Earned Value Management (EVM) systems are being set up and used by ongoing projects to manage cost throughout the balance of the life cycle.

It must be remembered that NASA projects often include cutting edge technology, which makes accurate cost estimation much more difficult. But better initial cost estimating and the use of EVM to manage the fiscal health of projects once underway, should significantly reduce the Agency's vulnerability to cost overruns.

NASA'S UNOBLIGATED BALANCE GROWTH

Question. The Committee recognizes that NASA is authorized to obligate funds over a 2-year period, and that a research and development agency like NASA is expected to carry over some unobligated funds at the end of each fiscal year. While the Committee recognizes that NASA can use unobligated funds to help transition from one fiscal to the next, there is no firm guidance on how much NASA should carry over from year to year. NASA's balance of unobligated funds has more than tripled from \$616 million at the end of fiscal year 2000 to \$2.1 billion at the end of fiscal year 2005.

Please explain to the Committee why these balances have built up at NASA?

Answer. First and foremost, let us assure you that all of these funds will be obligated within the assigned Mission Directorate or Office and all of these funds are needed to carry out NASA's missions. These are not "extra" funds that can be used to offset potential reductions to NASA's fiscal year 2007 budget request or to support unrequested activities. All of NASA's unobligated funds are needed to carry out the Agency's planned activities, and our multi-year resource planning strategy requires all of these funds. Unobligated funds are simply not yet committed under a binding agreement (e.g., grant or contract). Thus, the Agency has plans in place and needs all of its appropriated funds.

There are several reasons why the unobligated balances have been increasing over the last few years. There has been a tremendous amount of change at NASA over the last several years, and many factors associated with those changes have contributed to an increasing unobligated balance. Effective in fiscal year 2004, we began implementation of a new financial system, and also implemented full cost management, budgeting, and accounting. As a result of these changes, unobligated balances increased for several reasons. Labor dollars embedded in the programs initially caused the slowing of funding allocation and distribution throughout the Agency. Providing the Mission Directorates (MDs) with full cost funding resulted in increased funding being held at Headquarters. The new funds distribution process slowed down the release of funding to the Centers, which led the centers to seek more forward funding at the beginning of the fiscal year in order to cover labor and other expenses.

In addition, there were several programmatic changes that contributed to this instability. The Columbia accident required a major shift in resources, curtailing many planned activities. The Vision for U.S. Space Exploration announced January 2004, required redirection of about \$11 billion over five years. The Exploration Systems Architecture Study identified some major shifts in budgetary resources, curtailing many technology activities to provide more funding for major development projects. Increasing levels of earmarks for NASA have had the effect of slowing program definition and the release of funding. Overall, through all these major changes over the last few years, there has been less program definition at the start of the fiscal year for guidance to be distributed down to the NASA Centers, and Centers have been slower to obligate given the rate of change and the uncertainty surrounding all these changes, and maturing definition of major programs such as Constellation.

NASA recognizes this increasing trend over the last several years, and is working to reverse the trend. As of May 19, 2006, NASA had obligated 97 percent of our fiscal year 2005 appropriations (\$535 million is not yet obligated), and approximately 50 percent of our fiscal year 2006 appropriations (\$8.1 billion is not yet obligated). NASA has definite plans for all of these unobligated funds. The funds include a total of \$304 million for construction of facilities.

While NASA does not consider the levels of fiscal year 2005 and fiscal year 2006 unobligated funds to be unreasonable, we are working to expedite the obligation process where possible, and, as required in the fiscal year 2006 Science, State, Justice, Commerce and Related Agencies Appropriations Act (Public Law 109-108), have begun reporting prior year, unobligated balances to the Committees on Appropriations on a quarterly basis.

Question. What is the minimum amount of unobligated funds that NASA needs to transition from one fiscal year to the next? How much in unobligated funds does NASA believe it needs for other reasons?

Answer. There is no general minimum amount of unobligated funds that can be applied generically. Over the past 2 months, NASA has performed its standard mid-

year “phasing plan review” that has consisted of an in-depth review of its expenditures down to the project and Center levels at all NASA installations. Both the current status of obligations and forecasts for expenditures has been scrutinized and monthly spending plans throughout the remainder of fiscal year 2006 have been developed. Note that our 61 programs involve thousands of contractual actions for obligating funds across the Agency and at all Centers. In developing our spending plans, these procurements were viewed for each of the 555 projects within their respective program. The purpose of this standard in-house review was to ensure that we are allocating and spending our resources in the most efficient manner, and to ensure that we have the correct level of apportioned funding at the appropriate points in time for our programs. Projections for unobligated balances are about 9 percent at the Agency level, and range from a low of 2 percent for the Aeronautics Research Mission Directorate, to a high of 16 percent for the Science Mission Directorate. Program management at all levels at both NASA Headquarters and the Centers have participated in this expenditure review, and agree that these levels of unobligated balances are appropriate in order to ensure a smooth transition from one fiscal year to the next without a lapse in funding that could prompt potential work stoppages.

Question. Has NASA ever submitted a request for more new budget authority than it can realistically use?

Answer. No. NASA has never submitted a request for more new budget authority than it can realistically use.

BANKING FUNDS FOR CREW EXPLORATION VEHICLE (CEV)

Question. At a House Science Committee hearing in February, Dr. Griffin acknowledged that NASA is “banking” funds to smooth the funding profile for the CEV.

Is NASA using a portion of past unobligated balances to bank funding for CEV? For how many additional fiscal years will NASA continue this practice? Is NASA banking funds to smooth the funding profiles of other major development efforts?

Answer: The development profile for the Constellation program requires a funding curve that peaks in fiscal years 2008, 2009, and 2010.

This is the normal profile for hardware development efforts that maximizes the chances of Program success and provides the basis for any cost confidence evaluation.

Confronted with a flat Agency budget, Constellation’s management strategy is to carry unobligated fiscal year 2006 funds into fiscal year 2007 and use uncosted funds from fiscal year 2007 and fiscal year 2008 to cover the peak requirements in fiscal year 2009 and fiscal year 2010 (the years that the funds will be costed).

These carry-in funds will be used to smooth the overall constellation development funding curve for all the Constellation development projects, including Crew Exploration Vehicle (CEV), Crew Launch Vehicle (CLV), Launch and Mission Systems (LMS), and Exploration Communication and Navigation Systems (ECANS).

Current plans are to obligate money on the CEV contract that will be signed early this fall and on the CLV and LMS contracts that will be signed in 2007. As much as 90 percent of these funds will be obligated by the end of the fiscal year.

NASA’s strategy of using carry-in to smooth out the peak funding requirements is prudent use of multi-year funding to maintain schedule and reduce total costs.

LUNAR ROBOTIC ORBITER (LRO)

Question. NASA recently announced that a small secondary payload has been selected to accompany the Lunar Robotic Orbiter mission in 2008. NASA noted that the secondary mission should cost no more than \$80 million.

What is the current cost estimate for this secondary LRO mission?

Answer. NASA has decided on the Lunar Crater Observation and Sensing Satellite (LCROSS) as its secondary payload on the Lunar Reconnaissance Orbiter (LRO) mission. Per NASA’s original request for information requirements, the LCROSS vehicle should cost no more than \$80 million. Integration for flight will cost an estimated \$15 million. The total cost of LCROSS is therefore estimated to be \$95 million.

Question. Where is the funding coming from to pay for this secondary mission?

Answer. The Lunar Precursor and Robotic Program (LPRP, formerly Robotics Lunar Exploration Program) has an existing funding line for “Future Missions”, specifically designed to accommodate missions like LCROSS.

Question. Did NASA’s fiscal year 2006 budget or Initial Operating Plan specifically include the requirement or justification for this secondary mission?

Answer. The LRO mission is still in formulation, and as a result, did not have an established life-cycle cost and program content at the time of either the fiscal year 2006 or the fiscal year 2007 budget submission. Critical Design Review (CDR) is scheduled for this fall.

In NASA's fiscal year 2007 budget submission, NASA rebaselined LRO for launch on an EELV (from a Delta II). This change decreased risk to the LRO development by reducing pressure to retain large design contingencies and by eliminating a spacecraft spin stability issue related to its original Delta II launcher.

As a result of the rebaselining to an EELV, NASA issued a request for information, in January 2006, to industry to provide secondary payload concepts to take advantage of the additional capacity afforded by the launch vehicle. NASA's requirements for the secondary payload were that it benefit the robotic lander program, cost no more than \$80 million for development, and not exceed 2,205 pounds (1,000 kilograms). After a competition involving NASA centers and industry, LCROSS was selected as a secondary payload in April 2006.

The secondary payload is a cost-effective component of the overall LRO mission. It will provide an important capability to help determine whether water-ice is present in the Moon's polar cold traps. Total cost of the secondary payload is estimated at \$80 million, to be funded within LPRP through fiscal year 2009. The secondary payload supports LPRP LRO Level-1 Requirements (RLEP-LRO-M70), which state that, "The LRO shall identify putative deposits of water-ice in the Moon's polar cold traps at a spatial resolution of better than 500m on the surface and 10km subsurface (up to 2m deep)."

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

UPPER MIDWEST AEROSPACE CONSORTIUM (UMAC)

Question. The Upper Midwest Aerospace Consortium (UMAC) is a collaboration of eight universities in a five state region that partners with the National Aeronautics and Space Administration (NASA) to take data gathered from NASA satellites and makes it available in everyday applications to educators, farmers, ranchers and residents in the Upper Great Plains.

The group is headquartered at the University of North Dakota in my state. I was proud to help connect the University to NASA in the 1990s and have worked with NASA and my colleagues in Congress to support funding to continue this important work.

Do you agree that UMAC and other groups like it play an important role in connecting more Americans to the work and breakthroughs at NASA?

Answer. Groups that connect Americans to NASA's research increase the return the public receives on its investment in NASA. Features common among such groups are: use of data provided by NASA satellites, ties to the NASA-sponsored research community in academia and industry, and direct connection to providers of goods and services to the public and the organizations that serve the public. To the extent that UMAC and other groups exhibit these features, they can perform a valuable function.

Question. What role do you see for groups like UMAC in the future, especially as it relates to new space and exploration missions?

Answer. NASA is dependent on the university community for the successful implementation of its new space and exploration missions. Opportunities to participate in NASA's missions will be openly competed, and peer review will be used to identify the most outstanding opportunities for participation by the university community. Opportunities to participate will span the entire array of mission activities including development of flight hardware (instruments and full missions), development of data processing and data archiving systems, participation in science teams including science operations, and analysis of data returned from NASA missions.

WINDOW OBSERVATIONAL RESEARCH FACILITY (WORF)

Question. NASA once intended to install a facility, Window Observational Research Facility (WORF), on the International Space Station (ISS) within which various earth-observing instruments could be operated. The University of North Dakota has been developing AgCam, a sensor intended to operate on the WORF.

Is the Window Observational Research Facility (WORF) scheduled to be installed on the International Space Station? If so, when?

Answer. NASA has assessed its plans for the utilization of the ISS, and focused its research and technology development goals toward those activities that most closely support the Vision for Space Exploration. In this environment of limited op-

portunities for the launch of facility-class payloads, it is critical that utilization planning align as closely as possible with the needs of the human exploration planning effort. The only missions for which specific payloads have been manifested on the Space Shuttle are the first two Return to Flight missions. Consistent with the Vision, the Space Shuttle will be retired by 2010. Prior to its retirement, it will be utilized primarily for the assembly of the ISS. Our top priority will be to make each flight safer than the last. As we noted in our November 2004, correspondence to you on this topic, in the event that an appropriate future flight opportunity does become available, the WOLF facility will be considered for delivery to the ISS.

Question. If not, will it be possible to install small instruments, such as AgCam, on the ISS that make use of the optical quality window but do not use the WOLF rack?

Answer. The AgCam hardware has been designed and built to be operated in the WOLF. The WOLF would provide resources such as power, thermal control, data and mounting positions for operations of the AgCam. The hardware as designed could not operate independently of the WOLF. It might be possible to redesign the AgCam hardware and its operations concepts, but it would require additional funding, testing, and development time. Even with such a redesign, it is unclear whether the redesigned hardware could achieve the expected scientific value without the WOLF.

DC-8

Question. The University of North Dakota (UND) recently signed a 5-year agreement to operate the NASA DC-8 research flying lab. The transfer of the DC-8 from an in-house NASA operation to a UND operation has set a new precedent. To date, UND, on behalf of scientists everywhere has operated two missions, Stardust and INTEx-B with total success. I believe this approach has benefited education and public outreach.

Does NASA see benefit in transferring some of its activities from NASA centers to universities and other research organizations?

Answer. The success of the NASA program relies on partnerships with universities and other research organizations. It also relies on NASA maintaining core capabilities within the NASA Centers. In addition to the operations of the DC-8, NASA also relies on universities and other research organizations for activities such as the operation of the Hubble Space Telescope, operation of the Earth Science Distributed Active Archive Centers, and operation of the NASA Infrared Telescope Facility. NASA will consider proposals that offer benefits to both the science community and NASA.

The NASA Centers have unique capabilities that are critical to the nation's preeminence in space science as well as to the successfully carrying out the NASA mission. In order to maintain ten healthy Centers, and in order to maintain critical core capabilities at the NASA Centers, it is necessary that certain activities remain at NASA Centers.

GLOBAL EARTH OBSERVATION SYSTEM OF SYSTEMS (GEOSS)

Question. Global Earth Observation System of Systems (GEOSS) is an international program in earth-observing designed to inform decisions that benefit all humanity.

What will be NASA's role in providing societal benefits in the Global Earth Observation System of Systems (GEOSS)?

Answer. NASA's Earth science activity is closely coordinated through interagency and international activities such as the Climate Change Science Program, US Group on Earth Observations, and Joint Subcommittee on Ocean Science and Technology, as well as their international counterparts. The majority of NASA's space-based observations of Earth involve such international partnerships on the instruments and flight missions that comprise the space-based contribution to the Global Earth Observation System of Systems (GEOSS).

NASA Earth system science results in research and development of space-based observations and improved modeling capability are recognized as contributing nearly 46 instruments on 16 spacecraft for the international Global Earth Observation System of Systems (GEOSS). NASA Earth science applications are recognized for collaborating with partners to benchmark integrated system solutions to each of the nine societal benefit areas highlighted in the *Strategic Plan for a U.S. Integrated Earth Observation System* (IEOS) and the *10-Year Plan for a Global Earth Observation System of Systems*.

NASA develops and uses innovative remote sensing approaches to provide new views of the Earth to improve predictive capabilities for weather, climate and nat-

ural hazards and benchmarks the capacity to contribute to societal benefits through decision support. As an example, NASA collaborations with EPA, USDA, and the FAA have resulted in benchmarks for integrated solutions for air quality Nowcasting, global crop assessments, and de-icing assessments for aviation safety.

The observation and Earth system modeling techniques NASA develops and tests are a basis for future operational systems carried out by other organizations (most notably NOAA and USGS). Through collaborations, NASA observations are tested to determine their capacity to contribute to policy formulation and resource management through decision support systems.

Question. Will there be a role for universities to develop and deliver benefits to the residents of their regions?

Answer. In implementing its Earth science program, the NASA Applied Sciences Program conducts solicitations for "Decision support through Earth Science Research Results" to provide universities, private sector and others an opportunity to participate in extending the benefits of NASA sponsored observations and predictive capabilities through decision support tools. NASA involves the broad research community through solicitation of principal investigator-led satellite missions, technology and applications development, and a basic research program as well as focused research efforts tied more specifically to the results of our satellite programs. In particular, the university community is very strongly represented in these areas, and the research carried out at universities is critical to the education and training of the next generation of Earth and environmental scientists.

Question. How seriously do the reductions in Earth Science limit the U.S.'s role in the international program?

Answer. The International GEOSS and the U.S. IEOS include framework architectures that can accommodate and benefit from the observations and predictions/forecasts resulting from NASA research and development of space-based Earth observation systems; including the ground segments, data handling capacity, modeling, computing, knowledge, and applied sciences and system engineering.

NASA's Earth Science budget contributes to GEOSS and fluctuations in NASA Earth Science funding have a corresponding effect on contributions to GEOSS. NASA's plans for research and development of Earth observation systems include support for national and international priorities and goals, including the U.S. IEOS and international GEOSS. The GEOSS is architected to benefit from the full scope of the results of NASA research and development programs, flight missions and applied sciences partnerships on benchmarking enhancements to integrated system solutions for the nine societal benefit areas. Reductions in NASA's Earth Science flight program budget in recent years directly impact the U.S. Earth Observing space-based capabilities and therefore the U.S. contributions to that aspect of GEOSS. An example is the delay of the Global Precipitation Measurement mission (GPM) that is based on an international collaboration and has been viewed as a prototype satellite constellation for GEOSS. Reductions in the R&A budget have an indirect and non-immediate impact on system contributions to GEOSS, by effectively delaying the utilization of Earth observations in research and, further on, the development of products and services.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

Question. There has been significant publicity about the "muzzling of scientists" by the Administration when their conclusions do not match the policies of the Administration. Because science requires freedom of thought and discussion, we are concerned that this muzzling could have a chilling effect on the critical work that scientists pursue, as they will be afraid to undertake work that may lead to conclusions that clash with Administration policy. Since it is in the national interest to ensure that scientific discovery is free and unconstrained by political ideology, we would like you to explain the efforts you are making to ensure that NASA scientists are free to present their findings both publicly and to the media, without any fear of public affairs oversight that could limit their speech.

Answer. Earlier this year, NASA's Administrator assembled a policy development team comprised of NASA employees with science, legal, and public affairs backgrounds to review existing policies, identify ways to improve them, and develop Agency practices to maintain our commitment for full and open discourse on scientific, technical and safety issues. The team recently concluded their review of the existing NASA policies and has produced a substantially revised document: http://www.nasa.gov/pdf/145687main_information_policy.pdf

In addition, the NASA Administrator issued an agency-wide statement on his views of Scientific Openness last February: http://www.nasa.gov/about/highlights/griffin_science.html

The revised policy and the personal commitment by the NASA Administrator reaffirm the Agency's commitment to open scientific and technical inquiry and dialogue with the public.

Question. Around the world, governments are taking aim at our aeronautics industry—increasing their investment and making aeronautics R&D a top priority. Meanwhile the United States continues to deemphasize aeronautic research. For example, while NASA continues to downsize and internalize its aeronautics program, implementation of the European Union's Vision 2020 is accelerating. This trend will have a serious impact on the nation's competitiveness, national security, and our position as the world's leader in aeronautics research. How does the fiscal year 2007 budget request address this trend?

Answer. To address this question, one must first ask, what is NASA's role in helping to ensure that the United States maintains its "edge" in aeronautics? The answer is simply this: NASA's most important role in aeronautics is to provide technical leadership. And that is true regardless of budget.

Over the past several years, many independent reviews by the National Research Council (NRC), the Aerospace Commission, and the National Institute of Aerospace (NIA) have all raised the concern that NASA needs to get back to the pursuit of long-term, cutting-edge research. Historically, that is what NASA aeronautics has been known for and that is what the Nation has relied upon NASA to provide. These concerns were raised independent of the budget, and the concerns were valid.

The Aerospace Commission Report of 2002, commonly referred to as the "Walker Report," stated that Government investment in long-term research will be essential for the United States to maintain its global leadership in aerospace. The report concluded that long-term research enables breakthroughs in new capabilities and concepts and provides new knowledge and understanding, often resulting in unexpected applications, and the creation of new markets. It also noted that industry has the responsibility for leveraging Government research and for transforming it into new products and services.

NASA's Aeronautics program is currently undergoing a comprehensive restructuring to ensure that we have a strategic plan in place that enables us to pursue long-term, cutting-edge research for the benefit of the broad aeronautics community. A commitment to the pursuit of the cutting-edge, coupled with an unwavering commitment to technical excellence, will ensure a strong, positive impact on the U.S. aviation community.

Question. Though I am concerned with the level of NASA funding for aeronautic research and development, I am equally concerned that a national aeronautics policy be created that is consistent with the government's historic role, to promote continued United States' leadership of civil and military aeronautics research. How will these cuts influence the national aeronautic policy? What progress has NASA made on the policy? When will a draft be released for comment? What input has NASA received from industry, academics and/or user groups on the national aeronautics policy?

Answer. Work is currently underway on the creation of a National Aeronautics Science and Technology Policy. In anticipation of the call for a policy, the National Science and Technology Council (NSTC) Committee on Technology chartered an Aeronautics Science and Technology (AS&T) Subcommittee in September 2005. The AS&T Subcommittee is co-chaired by NASA's Associate Administrator for Aeronautics Research and OSTP's Transportation and Aeronautics Representative. The AS&T Subcommittee is comprised of members from NASA, DOD (OSD, Air Force, Navy, Army), DOT (FAA), JPDO, DOE, DHS, DOC, EPA, NSF, NSC, and the EOP (OSTP, OMB, OVP, DPC and CEA). The development, publication, and, to some extent, execution through governance of the policy called for by statute, have been tasked to the AS&T Subcommittee. Round-table outreach discussions with industry and academia occurred in April 2006 to ensure input from the stakeholder community. The policy is planned for completion by December 2006. A detailed implementation plan will follow completion of the National policy.

SUBCOMMITTEE RECESS

Senator SHELBY. For the information of the Senators and people in the audience on the subcommittee, we will review the fiscal year 2007 budget request for the Department of Commerce on Wednesday, May 3, in room S-146 of the Capitol. At that time, the Sec-

retary of Commerce will be with us to discuss the budget for the programs under his jurisdiction. Until then, the subcommittee stands in recess.

[Whereupon, at 3:20 p.m., Wednesday, April 26, the subcommittee was recessed, to reconvene at 2 p.m., Wednesday, May 3.]

**COMMERCE, JUSTICE, SCIENCE, AND RE-
LATED AGENCIES APPROPRIATIONS FOR
FISCAL YEAR 2007**

WEDNESDAY, MAY 3, 2006

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:04 p.m., in room S-146, the Capitol,
Hon. Richard C. Shelby (chairman) presiding.
Present: Senators Shelby and Mikulski.

DEPARTMENT OF COMMERCE

OFFICE OF THE SECRETARY

STATEMENT OF HON. CARLOS GUTIERREZ, SECRETARY

OPENING STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. The subcommittee will come to order.

I want to welcome all of you to the third hearing of the Commerce, Justice, Science, and Related Agencies Appropriations Subcommittee.

We are pleased to have with us today the Secretary of the Department of Commerce. Mr. Secretary, the subcommittee appreciates your willingness to appear as a witness and discuss the needs of your Department.

Overall, the Department of Commerce budget request for the 2007 fiscal year is \$6.1 billion. This is a decrease of nearly \$300 million from the Department's fiscal year 2006 discretionary funding level. The Commerce Department contains some of our Nation's most important economic development, economic analysis, and science and research agencies, including the Economic Development Administration (EDA), the National Institute of Standards and Technology (NIST), and the National Oceanic and Atmospheric Administration (NOAA).

The Department is staffed by some of the most dedicated and distinguished experts in their fields, including three Nobel Prize winners. These scientists, engineers, and economists are in high demand inside and outside of the Government, and I hope we can hold onto them, Mr. Secretary.

The subcommittee is concerned, Mr. Secretary, about your Department's ability to maintain the level of qualified personnel required to provide such needed services to the Nation. I hope that you can provide us some assurances today that this budget request

will not require reorganizations or restructuring that will put your ability to support these important personnel at risk.

The National Oceanic and Atmospheric Administration—or NOAA—remains one of our Nation's preeminent science agencies and represents nearly two-thirds of the Department's budget at \$3.7 billion. NOAA provides important support for our Nation's fisheries, severe weather prediction, and navigation of the waters surrounding our country.

Up-to-date and accurate maps of our navigable waters are critical to the shipping industry as well as the fishing industry, and I am hopeful that the budget before us today will allow NOAA to continue their work in this area.

Some here today may be surprised to learn that nearly 90 percent of our world's oceans remain unexplored. In fact, we have higher resolution maps of the entire surface of Mars than we do of the ocean floor. I am concerned about the lack of leadership and direction on ocean policy.

Recent reports from the Pew Oceans Commission and the U.S. Commission on Ocean Policy indicate that we are not doing enough to manage and preserve our ocean resources. As a Senator from a coastal State whose economy is strongly linked to our commercial ports, the fishing industry, and tourism, I am concerned about the health of our oceans, our fisheries, and the future of marine research.

I would like to commend the Department for their efforts surrounding the recent hurricanes. Particularly, I would like to thank the men and women of the National Weather Service (NWS) and the NOAA corps.

In an upcoming hearing, we will talk with Admiral Lautenbacher and Max Mayfield in more detail about hurricane preparedness and response. But I wanted you, Mr. Secretary, to know how much the entire gulf coast appreciates your Department's efforts. They have been on time in their predictions and accurate.

We look forward to your testimony today. Your written testimony will be made part of the hearing record, and I hope you summarize whatever you care to.

Secretary GUTIERREZ. Thank you.

Senator SHELBY. Senator Mikulski.

STATEMENT OF SENATOR BARBARA A. MIKULSKI

Senator MIKULSKI. Thank you very much, Mr. Chairman.

And I, too, would welcome Secretary Gutierrez for his second hearing before the subcommittee. And just want to echo your statements in terms of concerns about NOAA and the outstanding contribution that it does in oceans and some of the others.

When we think about the Department of Commerce budget, we really think about what it needs to keep America competitive and what we need to do to be able to innovate. We know that the President has outlined an innovation strategy, as well as our own colleagues, with the famous report now called "Gathering Storm."

But when I think about the Commerce Department, we do think about innovation, where there will be new technologies developed that will lead to new products. The National Institute of Standards and Technology will create jobs and also set the standards so that

the private sector can create jobs, manufacture or develop products or processes that then can go around the world.

Our own Patent and Trademark Office, which is under your administration, also is the key first step to protecting an inventor's intellectual property.

So, as we look at this year's budget, I want to look at what is it we are going to do to sponsor innovation and also to have an innovation-friendly government that protects patents and promotes free enterprise and the American know-how around the world.

We have fantastic agencies within the Commerce Department. Several are located in Maryland. NOAA is headquartered in Silver Spring. And we have talked about how they focus on saving lives and saving property through their weather declarations, and also the very important role that they play in oceans management and fisheries management.

The National Institute of Standards and Technology is in Gaithersburg and, again, sets those standards for reliability, security, doing important research, and then our census.

So, but what we are concerned about, and I will discuss this, is the cuts. When we look at NOAA, the National Ocean Service is cut by 30 percent. Marine fisheries by 8 percent. NOAA research by 8 percent. We are grateful that the NOAA satellites are getting an increase because that is the bread and butter of forecasts. But we are afraid that we could get out of kilter there.

In terms of NIST, we are very grateful to the fact that the President wanted to increase the National Institute of Standards and Technology budget, but it seems to be robbing Peter to pay Paul, taking out of the advanced technology program and manufacturing extension partnership. And we will talk about that.

And last, but not at all least, among the many things we could talk about, I and, I know, my colleagues are concerned about the backlog of patents and what we can do in partnership to make sure that they are standing in line to buy American products. They are not standing in line to patent those products that are going to keep us a global force.

So we look forward to your testimony and working with you.

Senator SHELBY. Mr. Secretary, we welcome you again. You may proceed as you wish.

SUMMARY STATEMENT OF CARLOS GUTIERREZ

Secretary GUTIERREZ. Thank you, Mr. Chairman and Senator Mikulski.

If I may, Mr. Chairman, before I get started on my written statement, I would like to let you know that all tsunami warnings and watches have been cancelled. There was an earthquake this morning in Tonga, and we just got word that all the warnings and watches have been cancelled.

So it looks like it wasn't a tsunami in the making. That is good news.

Senator SHELBY. Earthquake?

Secretary GUTIERREZ. Yes.

Senator SHELBY. Was the magnitude as high as——

Secretary GUTIERREZ. Well, they took it from 8.1 to 7.8, which is still very high. But——

Senator SHELBY. So you think things are going to be okay?

Secretary GUTIERREZ. That is what we are hearing.

Senator SHELBY. What you are hearing.

Senator MIKULSKI. Praise the Lord.

Secretary GUTIERREZ. I will probably give you the——

Senator MIKULSKI. Praise the Lord and our sensors.

Senator SHELBY. That takes care of my first question.

Secretary GUTIERREZ. Again, Mr. Chairman and Senator Mikulski, I am pleased to present President Bush's fiscal year 2007 budget request for the Commerce Department. It is a tight and targeted budget. It reflects the President's commitment to reducing the deficit while maintaining America's economic and competitive leadership.

At the Commerce Department through each of our agencies, we promote economic opportunity for the American people. To support this vital mission, the President's total budget request for our Department is \$6.1 billion, and I will briefly highlight some of the key components.

For our NIST laboratories, which, as you rightly mentioned, Mr. Chairman, have produced three Nobel Prize winners, we are requesting \$581 million. This includes an increase of \$104 million for research and development (R&D) in the physical sciences to begin to implement the President's 10-year American competitiveness initiative (ACI).

The ACI funding will help advance innovative NIST research. It will also be used to start renovation at our NIST campuses. The Boulder facility especially is in desperate need of repair.

For the International Trade Administration, the request is \$409 million. These funds will support programs to ensure that U.S. companies and workers have access to international markets, can compete on a level playing field, and have their intellectual property rights protected.

For NOAA, which did an outstanding job in providing warnings during the busiest hurricane season on record, the request is \$3.7 billion. This includes \$19.7 million to support robust fisheries in the Gulf of Mexico and part of the administration's rebuilding effort in the gulf region.

The budget proposal for the Economic Development Administration is \$327 million, including \$297 million for grants to economically distressed areas.

We are requesting \$878 million in discretionary funds for the Census Bureau, which is ramping up their 2010 census. In order to meet new fiscal priorities, no new funds are requested for the Advanced Technology Program.

We are requesting \$46 million for the Hollings Manufacturing Extension Partnership (MEP). This will maintain an effective network of MEP centers around the country.

To ensure the security, health, and safety of our employees, we are requesting \$5.9 million to begin installation of blast mitigation windows and \$18 million to correct basic code deficiencies and modernize the 73-year-old Hoover Building.

Mr. Chairman, we want to thank you and the subcommittee for your support of Commerce programs. We look forward to working

with you to provide the best and most efficient services to the American people.

PREPARED STATEMENT

And I welcome, as always, your comments and questions and would like to submit my written testimony for the record.

Senator SHELBY. Your written testimony will be made part of the record in its entirety, Mr. Secretary.

Secretary GUTIERREZ. Thank you.

[The statement follows:]

PREPARED STATEMENT OF CARLOS GUTIERREZ

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the President's Budget request for economic, scientific, technological, and environmental programs of the Department of Commerce. Our request of \$6.1 billion in discretionary funds reflects both the Administration's commitment to promote and sustain economic growth and opportunity, and the need to restrain discretionary Federal spending. Enactment of this budget will enable the Department to effectively support its diverse mission, including programs that promote strong and equitable trade relationships; improve our scientific and technological capabilities; protect intellectual property rights; upgrade our capabilities for weather observations and forecasting; and, ensure the long-term economic and ecological sustainability of our natural resources.

I would like to highlight some of the work our bureaus have planned in the fiscal year 2007 President's Budget. Each bureau within the Department supports one of three strategic goals; I will address each bureau within its relevant goal.

Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

The National Institute of Standards and Technology is a high-leverage Federal research agency that performs high-impact basic research and contributes to the development of economically significant innovations in areas such as new materials and processes, electronics, information technology and advanced computing processes, advanced manufacturing integration, biotechnology, nanotechnology, and new energy sources such as hydrogen. In his State of the Union Address, President Bush announced the American Competitiveness Initiative (ACI), which provides an agenda for maintaining our leadership in intellectual and human capital, two areas that significantly contribute to our nation's innovation capacity. A centerpiece of the ACI is the President's strong commitment to double investment over ten years in the key Federal agencies that support basic research in the physical sciences—the National Science Foundation, the Department of Energy's Office of Science, and the Department of Commerce's National Institute of Standards and Technology (NIST). The President's fiscal year 2007 Budget requests \$581 million for NIST. To start implementation of the ACI, the request includes an increase of \$104 million for NIST core activities (laboratory programs and facilities, less congressionally-directed projects).

NIST accomplishments in high-impact basic research are evidenced by the three Nobel Prizes that have been awarded to its scientists in the last decade. NIST research has led to innovations that we can see today, from the high-density magnetic storage technology that makes devices such as computer hard drives and mp3 players so compact, to protective body armor for law enforcement officers and diagnostic screening for cancer patients.

NIST also plays a critical role in developing standards that are used by the private and public sectors. In fiscal year 2007, NIST will seek to focus 3,900 scientists and engineers from government, industry, and universities—an increase of 600 researchers over fiscal year 2006—on meeting the Nation's most urgent measurement science and standards needs to speed innovation and improve U.S. competitiveness.

Also in the NIST budget, the President is requesting \$46.3 million to fund the Hollings Manufacturing Extension Partnership (MEP) program. This is a reduction from the fiscal year 2006 enacted level that would be made in order to address the Nation's most pressing funding needs in this austere fiscal environment. NIST will focus the fiscal year 2007 MEP funding to maintain an effective network of centers with an emphasis on activities that promote innovation and competitiveness in small manufacturers.

No fiscal year 2007 funds, however, are requested for the Advanced Technology Program (ATP). The fiscal year 2006 appropriations for ATP and estimated recoveries will be sufficient to meet all existing obligations and to phase out the program.

The Technology Administration (TA), which includes the National Institute of Standards and Technology (NIST) and the National Technical Information Service (NTIS), seeks to maximize technology's contribution to economic growth, high-wage job creation, and the social well-being of the United States. In fiscal year 2007, the key administrative and policy operations within the Office of the Under Secretary will be streamlined. TA will remain an effective advocate for technology within the Department of Commerce. TA, for instance, was the lead office at the Commerce Department responsible for working on the recent competitiveness summit hosted at the Department.

The U.S. Patent and Trademark Office (PTO) promotes the research, development, and application of new technologies by protecting inventors' rights to their intellectual property through the issuance of patents. The PTO also enables businesses and consumers to clearly identify specific products through the issuance of trademarks. In the United States, intellectual property-intensive industries—the biotechnology and information technology sectors, for example—account for over half of all U.S. exports, represent 40 percent of our economic growth, and employ 18 million Americans whose wages are 40 percent higher than the U.S. average. PTO has launched a vigorous reform effort aimed at enabling the Office to examine patent and trademark applications in a more timely manner, without compromising quality. The President's fiscal year 2007 Budget request of \$1.84 billion in spending authority for the PTO includes increases for both patent and trademark processes. By hiring additional examiners, refining the electronic patent application filing and processing system, improving quality assurance programs, and implementing higher standards for examiner certification and recertification now, the PTO will significantly reduce application processing time and increase the quality of its products and services in the out-years. Consistent with recent years, the Department proposes to fund the PTO budget exclusively through offsetting fee collections.

The National Telecommunications and Information Agency (NTIA) develops telecommunications and information policy, manages the Federal radio spectrum, and performs telecommunications research, engineering, and planning. The Department's request for NTIA supports its core activities and eliminates all new funding for Public Telecommunications Facilities, Planning & Construction, as funds for those activities are available from other sources.

The Digital Television Transition and Public Safety Fund, created by the Deficit Reduction Act of 2005, funds a number of programs with the auction proceeds of electromagnetic spectrum recovered from discontinued analog television signals. Programs supported by this Fund in fiscal year 2007 will provide consumers with vouchers to aid in their purchase of digital-to-analog television converter boxes, assist public safety agencies in acquiring interoperable communications systems, and support an interim digital television broadcast system for New York City. In 2007, most activity will be related to planning for these programs, with actual grant making expected to begin in 2008.

Observe, protect and manage the earth's resources to promote environmental stewardship.

The 2005 Atlantic hurricane season was the busiest on record and extended the current period of increased hurricane activity which began in 1995—a trend likely to continue for years to come. This season shattered records that have stood for decades—the most named storms, most hurricanes, and most category five storms. Arguably, it was the most devastating hurricane season the country has experienced in modern times. The devastation along the Gulf Coast from Hurricanes Katrina, Rita, and Wilma is like nothing I have witnessed before. It is catastrophic. Words cannot convey the physical destruction and personal suffering in that part of our nation.

The Department, including the National Oceanic and Atmospheric Administration (NOAA), Minority Business Development Agency (MBDA), NTIA, and Census, has served a critical role in the repair and recovery of the region. I am committed to utilizing the tools and expertise of the Department to facilitate the resurgence of the Gulf Coast region. I would also like to recognize the efforts of the professionals at NOAA for their timely and accurate predictions, which prevented further loss of life. Hurricane forecasts for Katrina and Rita were more accurate than ever for storm track, size, intensity, surge, and warning lead time, allowing for evacuation of 80 percent of New Orleans and 90 percent of Galveston. This is a key component of NOAA's mission to understand and predict changes in the Earth's environment, as well as to conserve and manage coastal and marine resources to meet our Na-

tion's economic, social, and environmental needs. NOAA continues to apply its scientific and technological expertise to a wide range of issues that serve to expand our knowledge of the world around us and strengthen our economic prosperity.

Data from NOAA's satellites are essential to public safety and the economy. Weather and climate-sensitive industries, both directly and indirectly, account for approximately \$3 trillion of the U.S. Gross Domestic Product. Average annual damage from tornadoes, hurricanes, and floods is \$11.4 billion. The Geostationary Operational Environmental Satellites (GOES) serve as some of the key sentinels that observe hurricanes and other severe weather. The President's fiscal year 2007 Budget request includes an increase of \$113 million to continue the GOES-R series system acquisition, which will have key enhancements over the GOES-N platform.

In addition to the geostationary satellites, NOAA is also a participant in the National Polar-Orbiting Environmental Satellite System (NPOESS), which will replace the current Polar-Orbiting Environmental Satellite (POES) program. The Department requests an increase of \$20 million for NOAA's share of this tri-party system (Air Force, NOAA, NASA), which will deliver more accurate atmospheric and oceanographic data to support medium- to long-range weather forecasts and severe storm warnings, further reducing loss of life and property.

The NPOESS request is based on the funding profile from last year's Budget. As you know, the NPOESS program has experienced schedule slippage and higher costs than we expected. We are currently participating in the Nunn-McCurdy review being conducted by the Department of Defense, which will be completed in June. In addition, the Government Accountability Office and our Office of Inspector General are reviewing the program. We will keep the Committee informed of the results of these reviews and our plans going forward, including any impact on our fiscal year 2007 request or out-year estimates. Our goal will be to ensure the best possible approach for meeting the Nation's civilian and military meteorological needs and protecting the taxpayer.

As part of the National Weather Service's overall plan to improve the timeliness and accuracy for all weather-related hazards, the Department requests \$12.4 million to sustain our commitment to the U.S. Tsunami Warning System. This funding level will be used to operate and maintain the equipment and networks created following the 2004 Indian Ocean Tsunami. I wish to thank this Committee for its support of the Administration's tsunami warning initiative in the fiscal year 2005 supplemental and the fiscal year 2006 appropriation.

Construction will continue in fiscal year 2007 on the NOAA Center for Weather and Climate Prediction, which just had its groundbreaking. With the requested increase of \$11 million, the facility will be ready to start operations in 2008. This project is a key component of the NWS' effort to improve its weather and climate modeling performance, to accelerate the transfer of newly developed scientific information into operations, and to improve the use of global environmental satellite data.

NOAA also serves as the lead coordinating agency for the U.S. Climate Change Science Program (CCSP), which integrates a broad range of climate-related observations, field studies and computer model projections sponsored by 13 federal agencies. CCSP has a goal of substantially improved understanding of both the causes and the potential effects of climate variability and change, on time scales extending from weeks to decades. NOAA's mission also includes the implementation of climate predictive and interpretive services for a wide range of applications, thereby providing significant benefits to users in several sectors of the economy.

Through the National Marine Fisheries Service (NMFS), the Department proposes an increase of \$19.7 million for activities in the Gulf of Mexico. As the Gulf region rebuilds, these programs will ensure that adequate science and management resources are available to promote and support sustainable and robust fisheries. Also within NMFS, the Department requests \$6 million for the Open Rivers Initiative (ORI). ORI will remove obsolete river barriers in coastal states, thus enhancing populations of key NOAA trust species and supporting the President's Cooperative Conservation Initiative.

Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

The Economic Development Administration (EDA) supports the federal economic development agenda by promoting innovation and competitiveness and preparing American regions for growth and success in the worldwide economy. The President's fiscal year 2007 Budget expands EDA's Economic Development Assistance Programs by \$47 million to \$297 million and streamlines the program to reflect the Administration's emphasis on regional development strategies, innovation, and entrepreneurship. Regions and communities can achieve significant competitive advantage

by identifying and then aligning research, educational infrastructure, and private activities around fields in which they have unique strengths. Four of EDA's programs, representing the majority of EDA's funding, will be merged into a new Regional Development Account that will administer their competitive grant component, including support for University Centers.

The Economics and Statistics Administration (ESA) promotes the understanding of the U.S. economy and its competitive position. ESA's Bureau of Economic Analysis (BEA) provides key objective data on the Nation's economic condition, including the Gross Domestic Product (GDP), in a timely and cost-effective manner. The Department requests \$80.5 million to maintain the level of funding ESA Headquarters and BEA need to efficiently and accurately provide these statistics, as well as research and policy analysis, that are critical to public and private sector decision-making.

The Census Bureau serves as the leading source of quality data about the Nation's people and economy. The President's fiscal year 2007 Budget requests \$878 million in discretionary funds for the Census Bureau, of which the largest component is the 2010 Decennial Census Program. The re-engineering of the decennial census has made great strides: the annual American Community Survey has been fully implemented to replace the once-a-decade long form, the modernization of the geographic database of all U.S. counties is over halfway complete, and the technological developments for the short-form-only decennial census are progressing on schedule.

In 2007, only three years out from Census Day 2010, the extensive planning, testing, and development activities related to the short form consume the majority of the decennial budget—a trend that will continue through 2010. In addition to continued preparation for the 2010 Decennial Census, fiscal year 2007 will see increased activity for the Economic Census and the Census of Governments, the five-year snapshots of our economy that provide critical data.

The rapid world-wide development and transfer of technology present great opportunities and risk to the United States' economic and national security. The Bureau of Industry and Security (BIS) regulates the export of sensitive goods and technologies, striking a balance between those economic opportunities and the security of the United States. The President's fiscal year 2007 Budget requests \$78.6 million to enable BIS to effectively carry out this mission. The proposed budget includes a \$0.3 million increase for modernization of the Export Control Automated Support System, which is the tool used to process export licenses.

The International Trade Administration (ITA) supports U.S. commercial interests at home and abroad by strengthening the competitiveness of American industries and workers, promoting international trade, opening foreign markets to U.S. businesses, and ensuring compliance with domestic and international trade laws and agreements. ITA conducts domestic and international analyses to ensure that the U.S. manufacturing and service sectors can compete effectively and meet the demands of global supply chains, and to understand the competitive impact of regulatory and economic changes. ITA directly supports U.S. businesses via a Trade Information Center that provides customers a single point of access to ITA's programs and services. The President's fiscal year 2007 Budget requests \$409 million for ITA, which includes an increase of \$2 million to support the President's Asia-Pacific Partnership on Clean Development and Climate. This partnership will accelerate the development and deployment of clean technologies among partner countries. Commerce's role will be to promote the use of American products and technologies in Australia, China, India, Japan, and South Korea by providing U.S. firms with market research on those countries and coordinating trade missions to those countries.

The Minority Business Development Agency (MBDA) focuses on accelerating the competitiveness and growth of minority-owned businesses by helping to close the gaps in economic opportunities and capital access. The President's fiscal year 2007 Budget requests \$29.6 million to enable MBDA to continue pursuing additional avenues to leverage resources and expand the availability of services to minority business enterprises.

Achieve organizational and management excellence.

The Department's headquarters building, the Herbert C. Hoover Building (HCHB), is in critical need of major renovation and modernization. The 73-year-old HCHB is one of the last historic buildings in the Federal Triangle to be scheduled for renovation and modernization. The Department is requesting \$18 million to correct basic health and safety code deficiencies, replace failing mechanical, electrical, and plumbing systems, and incorporate major security upgrades. In addition to the renovation, the Department also requests \$5.9 million for the installation of blast resistant windows for one-third of the HCHB.

Departmental Management (DM), in addition to funding the Offices of the Secretary and the Deputy Secretary, develops and implements policy, administers internal operations, and serves as the primary liaison to other executive branch agencies, Congress, and private sector entities. The Office of the Inspector General (OIG) is charged with promoting economy and efficiency, and detecting and preventing fraud, waste, and abuse. The President's fiscal year 2007 Budget request continues to support these objectives.

Conclusion

The President has submitted a budget that implements the Department's mission in a manner that maximizes benefits to our public. The Department of Commerce is home to a diverse collection of agencies, each with a unique area of expertise and a wide array of needs, tied together in a common commitment to ensure an environment exists that allows us to lead the world in competitiveness and innovation. The President's fiscal year 2007 Budget successfully addresses those needs in an efficient manner, mindful of the fiscal restraint required to sustain our economic prosperity. I look forward to working with the Committee to ensure that together we are providing the best services to the American people.

HURRICANE SUPPLEMENTAL FUNDS

Senator SHELBY. Mr. Secretary, I have a number of questions and I will go through them one by one.

In December, Mr. Secretary, the President signed the third supplemental bill into law. In mid-March, our subcommittee was informed that \$55 million in supplemental funds that were appropriated for NOAA had not yet been distributed to the intended recipients. This is May now.

The Senate soon will pass another supplemental bill providing additional funds necessary for ongoing activities in relation to the war in Iraq and the recovery from Hurricane Katrina and other hurricanes in the 2005 season, which proposes additional funds for NOAA.

Mr. Secretary, have all the December supplemental funds been distributed by NOAA as of now, and if not, why not?

Secretary GUTIERREZ. Mr. Chairman, my understanding is they have been distributed to all of the line offices.

Senator SHELBY. Okay. How will the Department handle the distribution of additional supplemental funds?

Secretary GUTIERREZ. We will ensure, given the dimension of this, that we do everything to get the money out there as soon as possible.

Senator SHELBY. Where it is needed?

Secretary GUTIERREZ. Yes, sir.

Senator SHELBY. Okay. Could you provide the subcommittee with a timeline of events for getting supplemental funds to the intended recipients? You can do that for the record, if you want.

Secretary GUTIERREZ. Yes, sir. If I may?

Senator SHELBY. You can do that.

[The information follows:]

TIMELINE OF EVENTS FOR GETTING SUPPLEMENTAL FUNDS TO THE INTENDED RECIPIENTS

Public Law Signed—December 30, 2005
 Apportionment Submitted to Department of Commerce—January 21, 2006
 Apportionment Submitted to OMB—February 01, 2006
 OMB Approval of Apportionment—February 09, 2006
 Signed Apportionment received in NOAA—February 10, 2006
 Final transfer to NOAA Line Offices—February 15, 2006

ECONOMIC DEVELOPMENT ADMINISTRATION

Senator SHELBY. While the subcommittee is pleased that the 2007 budget request proposes an overall increase of more than \$46 million for the economic development assistance programs, I remain concerned that the proposal favors the creation of a new regional development account while zeroing out four other accounts—public works, technical assistance, research and evaluation, and economic adjustment.

How would this restructuring of accounts be more beneficial to our communities that rely on these grants for economic improvement? And should the subcommittee agree to the changes in the accounts as proposed in the budget request, what assurances, Mr. Secretary, can you provide this subcommittee that the restructuring will not lead to gaps in assistance, considering there were four of those programs?

Secretary GUTIERREZ. Yes, sir, Mr. Chairman. We have tried to simplify the procedure in that we had four different types of grants, which led to four different types of processes and ways of looking at public works versus infrastructure. And we believe that there is a common way of looking at these funds. Do they create jobs? Do they attract private sector grants? Do they improve the community?

Senator SHELBY. Those are good questions.

Secretary GUTIERREZ. And so, we simplified the process and just have a common way of looking at all grants as opposed to four different buckets, which have a lot of overlapping criteria.

Senator SHELBY. Will you give us some more detail on this for the subcommittee? I think that Senator Mikulski would also like that.

Secretary GUTIERREZ. Yes, of course.

[The information follows:]

ECONOMIC DEVELOPMENT ADMINISTRATION—REGIONAL DEVELOPMENT ACCOUNT

The Regional Development Account (RDA) simply consolidates funding for EDA's four primary competitive investment (grant) programs into a single, more flexible account. This will allow EDA to strengthen its long-standing focus on regional economic development investments.

EDA TODAY FISCAL YEAR 2006: MULTIPLE PROGRAM "SILOS"

Public Works \$158.3 million (fiscal year 2006)	Economic Adjustment \$44.2 million (fiscal year 2006)	Research and Tech. Assistance \$8.7 million (fiscal year 2006)	Partnership Planning \$26.7 million (fiscal year 2006)	TAA for Firms \$12.8 million (fiscal year 2006)
Development and upgrade of physical infrastructure in areas of chronic economic distress.	Strategy development, technical assistance, and physical infrastructure to respond to sudden and severe economic distress.	Research on leading edge economic development practices as well as information dissemination and efforts to provide targeted technical assistance including University Centers.	Supports Economic Development Districts to develop and execute regional Comprehensive Economic Development Strategies (CEDS).	Supports network of Trade Adjustment Assistance Centers to help manufacturers and producers respond to the world-wide marketplace.

EDA PROPOSED FISCAL YEAR 2007: CONSOLIDATION OF PRIMARY INVESTMENT ACCOUNTS

Proposed Regional Development Account (RDA) \$257.6 million (fiscal year 2007)	Partnership Planning \$27 million (fiscal year 2007)	TAA for Firms \$12.9 million (fiscal year 2007)
Activities as funded under current Public Works, Economic Adjustment, Research and Technical Assistance programs, for both chronic and sudden and severe economic distress: Physical infrastructure development. Strategy development. Technical assistance. Research and information dissemination. University Centers.	Supports Economic Development Districts to develop and execute regional Comprehensive Economic Development Strategies (CEDs).	Supports network of Trade Adjustment Assistance Centers to help U.S. manufacturers respond to the worldwide marketplace.

The Regional Development Account (RDA) will:

- Allow investment partners (grantees) to engage simultaneously in multiple activities in support of a common initiative through just one EDA grant (e.g., infrastructure and technical assistance).
- Provide EDA additional flexibility to respond to sudden and severe economic dislocations (e.g., a significant plant closure, natural disaster covered by the Stafford Act, or a military base closure).
- Mirror the flexibility of EDA's popular and proven Economic Adjustment account.
- Build on EDA's existing regional development work through Economic Development Districts and University Centers.

EDA'S FOCUS ON REGIONAL DEVELOPMENT

Since its inception, EDA has emphasized regional economic development approaches. The creation of Economic Development Districts (EDDs) (which are primarily multi-county areas charged with supporting a coordinated economic development strategy across an economic region) simultaneously with EDA's original authorization in 1965 was a meaningful force for regional development approaches.

For fiscal year 2007, EDA will continue its long-standing emphasis on regional economic development strategies. EDA will work with communities on economic development strategies and implementation that support the development plan of an entire economic region. This will help ensure that EDA-supported investments are compatible with and can better leverage other economic development initiatives in an economic region.

The RDA helps support the principle of regional economic development by allowing EDA investment partners (grantees) to engage in multiple EDA-supported activities through a single grant. For example, an infrastructure grant to a city to help develop an inter-modal transportation facility can be coupled with technical assistance support to help the city build strategic linkages with neighboring cities and counties—in the same grant.

It is important to note that the RDA:

- Benefits investment partners (grantees) by allowing multiple EDA programs to be executed toward a common goal with just one grant—eliminates redundant application and reporting requirements.
- Increases EDA's efficiency by providing a single, flexible program account and avoids the accounting and management challenge of managing four separate "buckets" of funding across the six EDA regions.
- Has no impact on EDA's: investment selection criteria, balance between rural and urban investments, or focus on economic distress.
- Utilizes existing EDA legislative authorities.
- Bolsters the President's request for a \$47 million increase in EDA program funds (total Economic Development Assistance program budget: \$297.5 million).

INTELLECTUAL PROPERTY, EDUCATION, OUTREACH AND ENFORCEMENT

Senator SHELBY. I want to get to the Patent and Trademark Office. I am just going down the line because you have a lot of jurisdiction.

The U.S. Patent and Trademark Office has initiated a number of programs to assist with the intellectual property enforcement, such as the help hotline and the www.stopfakes.gov and the Global Intellectual Property Academy and training around the globe, which provides curriculum and training for foreign government officials in intellectual property rights protection and enforcement.

I know these are only a few examples of the work being done to enforce intellectual property rights at home and abroad. Can you give us an update, if you would, Mr. Secretary, on the U.S. Patent and Trademark Office's intellectual property education outreach and enforcement effort? Because this is a real problem in the world as we expand our global trade.

Secretary GUTIERREZ. Yes, Mr. Chairman.

We have, as you mentioned, done several outreach efforts to small businesses. We have provided free legal services to small businesses. We have a hotline. We now have people on the ground in China, and we are focused on four countries—Brazil, Russia, India, and China—given that this is really where the illicit world economy takes place.

We have a working group with the European Union, which is the first time that they have agreed to work with us to have a clear message to the rest of the world about Europe and the United States. Up until now, we have sort of been in different camps. And I think the illicit world would use that to their benefit. We are now together. We are talking with one voice, and we have an IPR working group.

We have just agreed with Japan that we are going to do the same thing. So now they can't isolate us as well. Japan, the European Union, and the United States will continue to speak as one voice when it comes to illicit trafficking of intellectual property.

The other thing that I will mention, which we believe is very important through the National Intellectual Property Law Enforcement Coordination Council (NIPLECC), is enforcement. Because, ultimately, it is going to be our ability to enforce and our ability to stop some of these factories that are producing these products.

Our prosecutions have grown by 97 percent in 2005. Internationally, we have been able to collaborate with other countries to seize about \$50 million of merchandise. And very importantly, at our border, in 2005, we seized \$232 million, up from \$190 million a couple of years earlier.

So everything indicates that not only are we training people, we are providing service for foreign officials, helping them understand the philosophy of intellectual property. We are working with foreign governments, and we are ensuring that we are enforcing IPR and that people know there is a price to pay for this.

I knew you were going to ask about this, Mr. Chairman and Senator Mikulski. We have been putting a lot of pressure on China, and they came back with their action plan on IPR protection 2006. We think the significance of this is that this is a plan developed by them. So it tells us that they should have more ownership for it, that they should want to make it a success because it was their idea.

And I thought you would be interested. This is one of the areas, one of the things that they agreed to here is to require that all PCs have pre-installed software.

Senator SHELBY. But this is a challenge for your Department?

Secretary GUTIERREZ. Yes, Mr. Chairman. And we are going to follow up on that and ensure that it is not just on paper, but that they are executing. And I look forward to updating you in the future on any progress.

NATIONAL POLAR-ORBITING OPERATIONAL ENVIRONMENTAL SATELLITE SYSTEM

Senator SHELBY. Absolutely. The National Polar-Orbiting Operational Environmental Satellite System (NPOESS) program has experienced significant schedule delays and cost overruns for the 2006 budget, and yet the 2007 budget request includes an increase of \$20 million for a total request of \$337.8 million for this program. That is a good bit of money.

The more than 25 percent cost overruns in this program triggered the Nunn-McCurdy process within the Department of Defense (DOD). And I understand there is an ongoing investigation at DOD that may lead to a total reevaluation of the entire program.

In your opening statement for the record here, you say that your Department's goal will be—I quote you—“to ensure the best possible approach for meeting the Nation's civilian and military meteorological needs and protecting the taxpayer.” That is what we want you to do.

What exactly are the options being considered within NOAA in response to the increased costs and schedule delays for NPOESS? And for the record, could you tell the subcommittee how your Department is addressing additional or potential gaps in satellite coverage, given the delays that have already been experienced and the possibility of even more delays due to the Nunn-McCurdy process?

Is that too much?

Secretary GUTIERREZ. No, Mr. Chairman. It is very good.

When we heard about the overruns and we had knowledge of this, we called in the chief executive officers (CEOs) of both Raytheon and Northrop Grumman, which are the two companies that are on this and—

Senator SHELBY. You are used to that from your business background?

Secretary GUTIERREZ. Yes, I was. And we just let them know that this is not the way we like to do business. This is not something that we like to see, and they are going to do everything possible to do what they can to keep the overruns at a minimum.

We know that this triggers the Nunn-McCurdy Act, and we will have a better understanding of how much we are talking about here in June.

Senator SHELBY. What is the rationalization for the overruns? Do you know offhand?

Secretary GUTIERREZ. Their basic argument was that they believe that the initial estimate was too low.

Senator SHELBY. Okay.

Secretary GUTIERREZ. But it is an overrun, and for us, that is the bottom line. And as a result, we thought it was appropriate to call them in and let them know that we are disappointed.

So we are working very closely with them. And I am going to have another meeting with them. Deputy Secretary Sampson has met with them again. He is going to go out and visit their factories. So——

Senator SHELBY. See what is——

Secretary GUTIERREZ. Yes. We are not going to let up on them.

Senator SHELBY. Well, your business background could certainly come in handy, Mr. Secretary, here.

Secretary GUTIERREZ. I am not used to these overruns.

Senator SHELBY. Don't get used to them.

Secretary GUTIERREZ. I used to have to go to my board for a 10 percent overrun, and it would be a very tough week every time I did that. So we want to make it tough on them.

Senator SHELBY. I have more questions, but I am going to rest and let Senator Mikulski be recognized for questions.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Senator MIKULSKI. Well, thank you, Mr. Chairman. "Rest" isn't usually part of your vocabulary.

First of all, I am very pleased at the exchange between you and Senator Shelby on the NOAA satellite issue. This is a source of great concern. We need to have the most modern satellites, and they are the key to our weather prediction. But if we get into the overruns, well, you know the consequences.

In looking at the NOAA budget, I was puzzled by what seems like a 6 percent cut in NOAA, but really, it is disproportionate. The 30 percent cut in ocean services, 8 percent in marine fisheries, and 8 percent in NOAA research.

Could you share with us the rationale of cutting 30 percent in oceans, particularly after the rather firm reports that came from the Joint Ocean Commission and the Pew Foundation, as well as marine fisheries and NOAA research, which, of course, is so important to climatic change and others?

Could you tell us the rationale, and what are the consequences of these cuts? Will there be layoffs? Do they agree, sir? What is the deal?

Secretary GUTIERREZ. Senator, we believe that we can carry on the mission and many of the initiatives that we have started. Of our \$3.7 billion budget, about \$1.8 billion is related to oceans and fisheries. So a big bulk of NOAA is really oceans and fisheries.

And we have a lot of activities going. We just submitted for reauthorization our Organic Act. We submitted the Magnuson-Stevens Act for reauthorization, as well as the Marine Mammal Protection Act. We have the Proposed National Offshore Aquaculture Act. We have extramural grants in place for research. We have four different scholarship programs.

So while we are working within a tight budget, we believe that we have our focus on the right things, and we have got plenty going to be very active throughout 2007.

Senator MIKULSKI. But a 30 percent cut in National Ocean Service is a big cut. That is not at the margin. What will be the consequences?

Secretary GUTIERREZ. I believe, if we were to go back and look at it, that some of the difference you cite would be versus the fiscal year 2006 enacted budget. So we are, rightly or wrongly, comparing the President's budget requested amount to the base budget. So they may have been these one-time projects for fisheries.

But our big projects, and especially coming off the ocean policy, our big projects, our big commitments are being funded, and we are not looking at the major layoffs or anything that would be distracting and that would take us off our fundamental mission and the big projects that we have going.

Magnuson-Stevens, aquaculture, marine mammals, our scholarships—those are funded and very well—

Senator MIKULSKI. Sea grants—

Secretary GUTIERREZ. Sea grants, yes.

Senator MIKULSKI. Well, Mr. Secretary, a little bipartisan group—Senator Dodd and myself, Senator Sununu, Senator Gregg—went to both Admiral Watkins and Leon Panetta and asked them to do a report for us on their reports, if you will—like Alexander and Bingaman went to the national academies—and said give us the 10 ideas now to really make sure that we save our oceans or enhance our oceans.

They are going to, Mr. Chairman, have this report ready sometime this summer, and which I would like to share. But then, you know, because there is endless reports. There is endless five points this and three-point programs for that. And I agree with you that we need to have at least a core basic set of programs we are going to support, and then at the end of the year or the end of a 3- to 5-year period we can honestly say what we have accomplished.

And I know from, again, private sector background, you are a benchmark guy. And I think we would like to share the same, which is to say what are some of our national goals in terms of these and then really make a commitment on a bipartisan basis to work on these.

Secretary GUTIERREZ. That would be great.

NATIONAL WEATHER SERVICE

Senator MIKULSKI. So we are going to keep you posted on it.

In terms of NOAA weather, we know that the budget includes a \$3 million increase for the National Weather Service, which we think is important and much needed. But we are concerned that some smaller programs were eliminated like the Susquehanna basin, which essentially goes from New York down through Maryland and are the sensors along those rivers that kind of give the river almost like a "river watch."

Well, it is. It is the Susquehanna River watch that alerts communities to flooding. A couple of years ago, when we had the big snow and the big meltdown, the Susquehanna alerts really saved a great deal of lives in Maryland because we had the early warning.

It is one of those earmarks that everybody gets cranky about. But we want to be sure that when we are looking at weather, we

are looking at the big picture on this. And I am going to alert you to some of these.

But we are concerned that there is now a move to privatize the National Weather Service in the National Weather Service Duties Act. Are you familiar with that?

Secretary GUTIERREZ. I have heard, just not officially, not formally. But I have been made aware.

Senator MIKULSKI. Does the administration have a position on that bill yet?

Secretary GUTIERREZ. I don't believe there has been a statement of administration policy (SAP) issued for that. As I think about it, the National Weather Service is a public service. Everyone has access to it. So I haven't thought much about it as a private service.

PATENT EXAMINERS HIRING

Senator MIKULSKI. Well, we just want to alert you to that. I, too, think that the National Weather Service is a public service that should be in the public domain and operated as such. And the old saying is, "If it ain't broke, don't fix it?"

We know very few that the private sector value-adds to the National Weather Service and even develops either niche products or something like that for which we are appreciative.

Let me go to the patents. Five hundred thousand backlog, and we know we have increased the new hires. Is that correct?

Secretary GUTIERREZ. Yes.

Senator MIKULSKI. One thousand new examiners?

Secretary GUTIERREZ. Yes.

Senator MIKULSKI. And we also know that there were fees charged for that. But isn't the fee authority going to expire? Not for the overall collection of the patents.

The patent, PTO is funded through, is paid by inventors. The authority to get current fee levels were expired. I think we raised fee levels. Am I correct in that?

Secretary GUTIERREZ. Yes.

Senator MIKULSKI. So that we could add more people. I think it is going to expire this year.

Secretary GUTIERREZ. I think it is renewed——

Senator MIKULSKI. Can you kind of tell us where you are with this?

Secretary GUTIERREZ. My understanding is that——

Senator MIKULSKI. And whether we need to continue to hire and use this as a tool or mechanism?

Secretary GUTIERREZ. It is an annual renewal in the appropriations bill. So we get a 1-year extension, essentially, every year. We collected about \$1.5 billion of fees. So this is——

Senator MIKULSKI. B? Like in "Barb?"

Secretary GUTIERREZ. Yes. I hope that is right.

Senator MIKULSKI. Yes, that sounds about right.

Senator SHELBY. That is a lot of money.

Secretary GUTIERREZ. And we have 4,000 examiners. We are hiring 1,000 over the next 5 years. And unfortunately, you are right. The pendency is growing from about 29 months to 32 months. So it is not going in the direction we want.

We are hiring more examiners. We are trying to make the process a lot smoother at the beginning, trying to avoid patents that we don't need to put through the process, getting more quality in the beginning.

We have a conflict here between the quality of the patent and the pendency. So we want to lower pendency, but not at the expense of quality, especially technology.

Senator MIKULSKI. We don't want to have other BlackBerry cases and so on.

Secretary GUTIERREZ. Exactly. So technology folks are very concerned about the quality aspect. Everyone is concerned about the quality aspect.

So we are working on that. We are hiring more people. We have just gone online for the first time. We have what we think is the most efficient patent application system, where people can apply online.

Senator MIKULSKI. They couldn't do that before?

Secretary GUTIERREZ. Not to the extent that they can today. And we launched just about 1 month ago. That should help our pendency. We have monthly reports on productivity, monthly reports on production. People are rewarded for that. They are measured on that. These metrics are cascaded throughout the PTO offices.

So, more and more, it is being managed by the numbers and quality of the patents. We agree with your challenge that as we improve quality, we also have to take down pendency. We just can't afford to have our pendency continue to increase.

Senator MIKULSKI. See, this is part of the innovation-friendly government. And people in Maryland who are inventors and then someone in the bio fields, which is another dynamic, is they have to stand in two lines. One to get their patent, the other to get their FDA approval. So that, in and of itself, is time.

What they have shared with me is that, say, if they are waiting for their patent, some of their intellectual property has already been stolen. And so, that is an issue. It is a big issue.

Do you feel that the 1,000 examiners that you hired will be enough, or do you think you need to have more?

Secretary GUTIERREZ. We believe that, for now, it should be enough. But if we see that it isn't, we will be coming back to you.

PATENT EXAMINERS QUALIFICATIONS AND RETENTION

Senator MIKULSKI. Well, what are the tools then for retention? First of all, share, as you did with me, with Senator Shelby what are the basic qualifications to be a patent examiner?

Secretary GUTIERREZ. We have actually gone back and looked at this. We hire mostly engineers and lawyers. About 19 percent of the engineers we hire also have a law degree.

Senator MIKULSKI. See, so this is a big bucket of talent here?

Secretary GUTIERREZ. Oh, this is—

Senator SHELBY. Important talent.

Secretary GUTIERREZ. Yes, very important. And we actually retain people for about 6½ years. So they come, an average of tenure with PTO is about 6½ years. So they know they are getting the best training you can get, working with very smart people. They

are at the leading edge of seeing what technologies are happening and who is innovating.

If they don't have a law degree, we provide them with financial help to get a law degree. We give them training to help them manage people. We are constantly trying to upgrade their skills. So it is a way of keeping them there.

Our starting salaries average about \$56,000. And that ranges anywhere from \$35,000 to \$70,000, depending on their GPA, depending on their skills. That is about 10 percent below the private sector.

So we know that we have to fill that gap with other ways—

Senator MIKULSKI. You mean for a young associate in a law firm—

Secretary GUTIERREZ. For a young associate coming in, that is right.

Senator MIKULSKI. That would be focused on intellectual property?

Secretary GUTIERREZ. About 10 percent. They make about 10 percent more in the private sector.

So we have to fill that 10 percent through other ways—by training, by giving them a great work environment, by giving them a sense that they are in the right place at the right time.

Senator SHELBY. Well, that is very important.

Secretary GUTIERREZ. And we pay them for performance, a 10 percent bonus. We would like to see that go up to about 17—

Senator SHELBY. For good people?

Secretary GUTIERREZ. That is right, for the people who are performing.

Senator MIKULSKI. Six and a half, are you satisfied with that, or would you hope that they would stay longer? And don't you need a career service to be able to mentor—

Secretary GUTIERREZ. Yes. That is right.

Senator MIKULSKI [continuing]. These talented, young, bright people? Or mid-career people that are changing? There might have been somebody who is a whiz in electrical engineering, maybe one of our leading defense contractors gets their law degree and wants to move over and do something like this?

Secretary GUTIERREZ. I agree. The 6½ years is higher than I would have expected. I would like to see more. And I think it is a good—

Senator SHELBY. Six and a half years is average, right?

Secretary GUTIERREZ. Yes, that is the average tenure.

Senator SHELBY. So some stay a long time.

Secretary GUTIERREZ. Some stay longer. Some leave, unfortunately, sooner. But we would like to see more.

Continuity is always a good thing, and things are changing so quickly. Yes, we have gone from 300,000 patents several years ago to about 412,000 patent applications.

Senator MIKULSKI. That is a lot of ideas.

Secretary GUTIERREZ. So people are innovating. There is more innovation. The applications are getting more complex. So it requires better skill sets to just understand the technology.

Senator MIKULSKI. So what can we do to retain now? We have got these 1,000 people. And of that 1,000, we would want, you

know, as you would say, staying longer for the public investment we are about to make in their training.

Secretary GUTIERREZ. Right.

Senator MIKULSKI. What do you see as the key retention tools, and are there ways that we could be helpful to you?

Secretary GUTIERREZ. I think we have to continue to make it a great working environment, where they feel like they are learning. If they want to go on to get their law degree, we will help them do that financially.

They are constantly getting seminars to upgrade their skills, whether it be people management if they are engineers, getting legal seminars if they are lawyers. Getting engineering seminars, marketing seminars that they really become experts at what they do.

And I would like to do everything possible from the standpoint of the working environment. And if we need to, to come back and look at the bonuses.

We have a 10 percent performance bonus. To keep up with the private sector, we may have to take that up higher. And I would like just a little bit more time to go back and see where the discussions are in order to talk about it with the union and then come back to you on that.

Senator MIKULSKI. Well, this issue of adequacy of personnel and recruitment and retention is, I believe, a real high priority. Our colleagues in the Judiciary Committee create them all, but your idea of the working environment, I would like to just bring to your attention, one, the GAO report that was commissioned last June for Congressman Sensenbrenner and Congressman Wolf, our counterpart—

Secretary GUTIERREZ. Right.

Senator MIKULSKI [continuing]. On progress made in hiring, the challenges to return. And one of their number one issues that they raise, Mr. Secretary, is communication. And they state that there seems to be a culture of poor to uneven communication between management and the examiners. And they cite that as really affecting morale, productivity, and retention.

We bring this report to your attention, and we think it is a very good guidepost for us to follow. And when I read it, I saw that, yes, money, recruitment, and so on is there. And then the employee organizations also had their newsletter, and replete through the newsletter is the need for more communication between management and the examiners.

So I am going to bring these to your attention and know that this is a lot of hard work going into it. The other side of the Capitol is also interested in this, and I think it really focuses on the human capital, Mr. Chairman.

Senator SHELBY. Very much so.

Senator MIKULSKI. And my questions in the future and, even more importantly, this year will be how are we doing on this report and implementing it, and whether you think maybe the report was off the mark, nevertheless?

Because as I travel my State and talk to those Nobel Prize winners, not only in this and other places, they say that one of the most important tools to an innovation-friendly government, in addi-

tion to the pipeline issue of talented people, is the Patent Office. Everybody talks about the Patent Office. So we let it at that.

My last question in this round—the chairman wants to go another—is NIST. Isn't that a spectacular agency? That is where those three Nobel Prize winners are. But I am concerned that as we cut ATP and shrink the manufacturing extension partnership and so on, that is why I said are we robbing Peter to pay Paul here?

Secretary GUTIERREZ. If I may just step back a little, Senator, on this?

ADVANCED TECHNOLOGY PROGRAM AND MANUFACTURING EXTENSION PARTNERSHIP

Senator MIKULSKI. Because we eliminate the ATP——

Secretary GUTIERREZ. Yes.

Senator MIKULSKI. And we shrink the manufacturing extension, the legacy of our colleague, Senator Hollings. So——

Secretary GUTIERREZ. The President mentioned this in the State of the Union that NIST is one of the three agencies that is getting an increase in funding because NIST does basic research. We have an iPod today, thanks to what NIST did many years ago. We have many of our security systems on automobiles came out of research that NIST has done.

So what they do is basic research for technologies that will be applied across many industries. And we think that is the role of the Federal Government. Long-term basic research, 10, 15 years down the road, the types of projects that private sector typically does not have the patience for or the money, the competitive environment. They typically do product development, a lot shorter period of time.

Senator MIKULSKI. They value-add to our basic research.

Secretary GUTIERREZ. Exactly. So one-third of the country's R&D is Federal Government. Two-thirds is private sector. That one-third, we would like to keep it on basic research and let the private sector use what we produce to develop products.

ATP was almost like a venture capital fund. It was trying to pick winning companies, and we felt that the role of the public sector wasn't necessarily picking winners or losers, but providing technologies.

MEP, we are keeping at a smaller rate because that also tends to be product development, operational. It does demand for us to pick who gets the money and who doesn't. But we have a network in place that we don't want to let go of because it can still be used.

But to the extent that we can, we would like to stay on basic research, things that only we can do. We now have 1,800 guest scientists and engineers at NIST, who are there trying to pick up any experiences, any learning to take back to be able to use.

And as we look around the world, there isn't another country—we asked the European Union the other day, how do you do it? Do you have your NIST? Do you have a private sector linkage? They don't.

I think we have an advantage in the linkage between our basic research agencies, such as NIST, Department of Energy, the National Science Foundation (NSF), our private sector companies, and

our universities. And we are seeing more and more of that partnership taking place.

That is why we have shifted money to basic research from what we would call picking winners and losers and——

Senator MIKULSKI. What about the manufacturing extension partnership?

Secretary GUTIERREZ. The \$46 million that we put in the budget is to keep the network in place. That is about one-third of the funding because State governments and private sector usually put in another third and one-third is from fees.

But the important thing is the network will be there, and the private sector can access the network. The funding will not necessarily come from the Federal Government as much as it did before, but it will still be there. The network will still be there, and the funding, to some extent, will be there.

But most of our money is going into basic research that will give us a country-wide competitive advantage against the rest of the world. Nanotechnology, quantum research, biometrics—the types of things that the private sector just doesn't have the time or the patience or the competitive environment to be able to do.

Senator MIKULSKI. Thank you, Mr. Chairman.

OCEAN-RELATED ACTIVITIES

Senator SHELBY. Thank you, Senator Mikulski.

I have a few more questions. In what way does the 2007 budget request provide sufficient funding to address NOAA's ocean-related activities and responsibilities with respect to the Joint Ocean Commission's report?

Secretary GUTIERREZ. No, that is great. Thank you.

Out of NOAA's \$3.7 billion request we allocated about 50 percent to oceans and fisheries. We are working on many of the Ocean Policy Commission's recommendations. We have resubmitted for reauthorization the Organic Act for NOAA, the Magnuson-Stevens Act Reauthorization, and the Marine Mammal Protection Act Reauthorization.

We are now hoping to work with Congress to get authorization for offshore aquaculture, which is also very important——

Senator SHELBY. That is a whole lot of promise there.

Secretary GUTIERREZ. We actually are a net importer of fish.

Senator SHELBY. I know.

Senator MIKULSKI. And growing.

Secretary GUTIERREZ. Some of the fish we import is farmed fish. So we think we should be doing a lot more.

Senator MIKULSKI. And some of it is a little——

Secretary GUTIERREZ. Yes, well. So it is an area of opportunity for us. So we believe that we have the right priorities and the big projects that we need to continue funded in the area of oceans, Mr. Chairman.

Senator SHELBY. And we have got the coast and the bays, too.

Secretary GUTIERREZ. Yes.

Senator SHELBY. Mr. Secretary, what progress are you making in addressing some of the recommendations put forward by the Joint Ocean Commission, like the report card's low marks for inter-

national leadership, research, science, and education? I know you weren't there all this time.

Secretary GUTIERREZ. We just had our Asia-Pacific economic cooperation (APEC) forum's marine resource conservation working group meeting, which includes other agencies, but NOAA is a big part of it. We are leading the whole effort toward tsunami detection with the rest of the world. It goes beyond oceans.

So I believe that we and our people are constantly taking a leadership role in coordination meetings and seminars. The rest of the world looks to us for oceans leadership, technology, knowledge. Of the 50 recommendations within the administration's ocean action plan where NOAA is the lead or a partner, we have implemented 37 to date. So we are very focused on it.

DEPARTMENTAL MANAGEMENT

Senator SHELBY. The 2007 budget request includes \$18 million for the renovation and modernization of the Herbert C. Hoover Building, headquarters to the Department of Commerce.

The subcommittee notes the funding was requested in 2006, but not appropriated. What would the level of funding here provide for you, and how many years of follow-on funding would be needed to complete the renovation?

Secretary GUTIERREZ. Yes. And this is the last one, Mr. Chairman, of the Federal Triangle Historic buildings that has not been renovated.

Senator SHELBY. Well, they have got to be renovated.

Secretary GUTIERREZ. The plan actually takes us out to 2017. So we are spreading it out so that we don't have the burden of a big cost in 1 year.

Senator SHELBY. It is still a lot of money, though.

Secretary GUTIERREZ. Yes, it is about \$700 million total, of which about \$200 million will be picked up by Commerce.

Senator SHELBY. It would cost a lot of money—we wouldn't want you to move. But if you built a new building somewhere, it would cost a lot of money, too.

Secretary GUTIERREZ. That is absolutely right. And it is—

Senator SHELBY. Plus, you would lose the history.

Secretary GUTIERREZ. That is absolutely right. So we have \$18 million, which gets us going, and we have it spread out to 2017.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Senator SHELBY. The President announced the American competitive initiative as a new program that would continue to build the Nation's science and technology base. Senator Mikulski has already talked about this.

This will be done through investments in federally funded research and investments to ensure the country has a technologically skilled workforce. We have got to do it on our own.

To accomplish this, several agencies were tasked with leading this initiative. One of those falls under you, the Department of Commerce—the National Institute of Standards and Technology.

What is your basic role with regard to the American competitiveness initiative? And how much of your budget and time is dedicated to this? We think it is important.

Secretary GUTIERREZ. Yes. Yes, Mr. Chairman. I agree. And this is one area where we have actually tasked every department inside of Commerce to play a role. I think we all play a role in helping our country become more competitive.

Directly, we have the \$104 million that we have added to NIST for projects, and those are, as I mentioned before, nanotechnology, quantum research, biometrics. Things that the private sector can take and apply across many industries.

We are also sort of out of our lane. We are working with the private sector to motivate them to get volunteer teachers into K through 12. Part of the ACI—

Senator SHELBY. How do we do that? How do you do that?

Secretary GUTIERREZ. Well, we go out and talk to companies. We were with Intel the other day, in an auditorium of maybe 500 engineers. We said please go out and be part of the ACI. We want—

Senator SHELBY. They could be tremendous role models, can't they?

Secretary GUTIERREZ. Yes. Because students are not really sure where a math or a science career will take them.

Senator MIKULSKI. They don't know.

Senator SHELBY. They don't know.

Senator MIKULSKI. They don't know what is going on.

Secretary GUTIERREZ. So this would be an opportunity to do that—working with Congress to make the R&D tax credit permanent. We have renewed that, I think, a dozen times over the last 10 or 12 years. We believe the private sector needs more predictability.

Senator SHELBY. So they can plan.

Secretary GUTIERREZ. So that they know if they are starting a 5-year project, they will have a tax credit in 5 years. So—

Senator SHELBY. But we have to do that, don't we, Mr. Secretary, to compete in the world of tomorrow that we see on the horizon?

Secretary GUTIERREZ. Absolutely.

Senator SHELBY. In China and India and everywhere else?

Secretary GUTIERREZ. Absolutely.

Senator SHELBY. If we don't, we are going to lag behind.

Secretary GUTIERREZ. Absolutely. We are competing today. Our economy is doing very well in the face of intense competition. But it is 5 years from now, 10 years from now, 20 years from now—

Senator SHELBY. We have got to worry about.

Secretary GUTIERREZ. Absolutely.

ECONOMIC DEVELOPMENT ADMINISTRATION

Senator SHELBY. In 2007, the budget request for EDA salaries and expenses is only \$9,000 more than 2006.

The subcommittee recently approved a reprogramming request of \$700,000 that we were told was necessary to provide sufficient salaries and expenses for the balance of 2006, which means the 2007 request is now \$691,000 below the 2006 number.

Given this reprogramming of funds, how can the funding level requested for 2007 be sufficient? I know that we are appropriators, and you think, well, gosh, why are we asking you to ask for more money? But we think you need to have the requisite money to do your job here. And can you do that?

Secretary GUTIERREZ. Yes, of course, Mr. Chairman.

Senator SHELBY. In other words, what funding level is necessary to maintain the current EDA operations in 2007? Can you do it like that? And why and how?

Secretary GUTIERREZ. Yes, Mr. Chairman. With the current budget, we can keep our office network in place.

Senator SHELBY. Okay.

Secretary GUTIERREZ. Our salaries and expenses, as a percent of the total budget, is about 9 percent, which we think is right up there. We wouldn't like to see it go higher because then we have got more money tied up in expenses than we would like to have. So we think we have the right balance, and we think we can make it work.

DEPARTMENTAL MANAGEMENT

Senator SHELBY. Going back to the Herbert C. Hoover Building, the Commerce Building. You are seeking \$5.9 million for blast mitigation windows, which you certainly need. Is that the total funding level? Or will there be additional funds in this area, too?

Secretary GUTIERREZ. That is actually additional for the windows.

Senator SHELBY. In other words, how many years is that? We have been told there is a request of a \$5.9 million increase for blast mitigation windows.

Secretary GUTIERREZ. Yes, yes.

Senator SHELBY. Is that the total level of funding, or will there be additional?

Secretary GUTIERREZ. It is for blast mitigation windows for one-third of the building.

Senator SHELBY. Okay. So that is one-third, and there will be additional funding?

Secretary GUTIERREZ. Yes, Mr. Chairman. And this came out of the "Window Blast Hazard Mitigation Study" for the Herbert C. Hoover Building issued by the General Services Administration in February 2003.

BUREAU OF THE CENSUS

Senator SHELBY. Oh, yes. I know you need it. You don't want to put your people at risk.

The Bureau of the Census. The budget request for the 2010 census is starting to grow, of course, in anticipation of the 2010 census, which is just a few years away. The increases are quite significant while, at the same time, the census is proposing to reduce or to eliminate work that it has done previously.

What efforts are being made, Mr. Secretary, to ensure that the 2010 census is as cost effective and accurate as possible while maintaining other capabilities that the bureau provides? Because they do a lot of other ancillary things.

Secretary GUTIERREZ. Absolutely. And this is an area, Mr. Chairman, where I believe we have made quite a bit of progress for the 2010 census, and I brought a little exhibit. This is something we used to use in our sales force in the supermarkets. I didn't have anything to do with it. It was already in place here. But—

Senator SHELBY. It worked, didn't it?

Secretary GUTIERREZ. It works. So, instead of carrying a pad and having to jot down, they will have these small computers and hand-helds. And they will be putting the information, as they get it, into this hand-held computer, which will be consolidated and tabulated in a central location.

So we are miles ahead from where we were, say, 10 years ago for our census, and we have already started now to train people, to get people in place. We are now doing the American community survey on a monthly basis, which is a long—

Senator MIKULSKI. Guess who just got her survey questionnaire.

Secretary GUTIERREZ. That is right.

Senator MIKULSKI. I got mine.

Secretary GUTIERREZ. And that allows us to make the 10-year questionnaire shorter, easier, quicker. So we get more accurate information. That will be extremely important.

So we are getting geared up, and I believe that the folks at Census have done a great job, and this is a major innovation that will just put us ahead in terms of—

Senator SHELBY. Senator Mikulski, do you have any other questions?

PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS

Senator MIKULSKI. First of all, the chairman's questions on economic development and the census paralleled my own. And also his remarks on competitiveness.

I think where there is a true opportunity for partnership between the executive and legislative branch on a bipartisan basis is in this area to make us more innovative. Because our goal is to be able to create what we hope will be the economic infrastructure, if you will, for there to be jobs in this country. And that is kind of where we are.

My question, though, that didn't come up goes with another national security issue. And that goes with interoperability of communications with our first responders. And for we in the capital region this is a very intense need and, as you know, is a national need. And after 5 years, almost 4½ now since 9/11, we are still not interoperable.

The National Telecommunications Information Administration (NTIA), we understand, is about to give out a lot of money for grants. They will award with interoperability grants. The money will come from spectrum auction. But we are concerned that the standards haven't been developed.

There was supposed to be this voluntary effort between the telecommunications industry, association, something called "Project 25" to develop this. But as of this January, little progress has been made. And when NIST tests the equipment that is coming down the pike, it doesn't seem to meet the standards.

So here is my question. What are we doing really to develop interoperable standards? So no matter if you are a local volunteer fire department, funding yourself with fish fries, or you are a big government like New York and New Jersey, or we in the capital region can talk to each other.

What has been developed in standards? And what are we going to do with this billion dollars? I am afraid that this could be an-

other techno-boondoggle where people go out and buy gear that can't communicate. And we are already concerned in the capital region that there are significant gaps here.

Senator SHELBY. We want it to work. You know that.

Senator MIKULSKI. So we want to know what will the money buy? Who is going to be eligible? And are the standards ready? And if they are not ready, shouldn't we make sure that the standard is in place before we start giving out the money?

Secretary GUTIERREZ. Yes. We have the \$1 billion, and we are actually doing a test in Washington, DC. This is the first time we have done a Federal/non-Federal test in the D.C. area to see what we can make interoperable, how much we can push this.

And based on that test, which we need to push hard, we will come up with the framework, the standards that we can provide to business, get businesses' input and get to work on the national program. So we would roll out our D.C. test and it is just very fortunate that we are able to do it in the District.

Senator MIKULSKI. When are you going to do that?

Secretary GUTIERREZ. We are doing it as we speak. We are doing a test now. This is obviously interagency. It is Commerce. It is the Department of Homeland Security. It is Department of Justice. We can provide you that for the record.

Senator SHELBY. That would be good.

[The information follows:]

PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS STANDARDS AND TESTING

A report on this topic will be transmitted by letter from Secretary Gutierrez.

Secretary GUTIERREZ. And a longer document on what is involved in the test.

PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS SCENARIOS

Senator MIKULSKI. But is the test to establish the standards?

Secretary GUTIERREZ. Yes. The test will give us guidelines for the development of standards that we will develop in conjunction with the private sector.

We believe the private sector needs some direction from us, and they need a little bit of help. And this test will give us the knowledge we need to tell the private sector how we should move forward because the private sector hasn't been as aggressive as we would like them to be.

Senator MIKULSKI. Have you started to give the grants out yet?

Secretary GUTIERREZ. No.

Senator MIKULSKI. Well, I would encourage you, let us not give out the money.

Secretary GUTIERREZ. We haven't.

Senator MIKULSKI. Because my observation, at least in the capital region, again, is there are a million salesmen out there with a lot of gizmos. Some are quite good. Some are questionable. And they go to everything from county governments to small towns in the counties, and they say, "Buy this. Buy this. It will be okay."

And you know, we believe in competition, so not a single product. Again, not winners and losers, but that it all be interoperable, depending on what you buy. And that for national security reasons,

in other words, homeland security reasons, that each gizmo, the more gadgets it has on it, the more expensive.

But that there be a core element that whatever you buy for first responders and local government, that it be a core element that enables us to transmit voice and data so they know what to do.

Secretary GUTIERREZ. I think the test will enable us to be more certain about what to buy and what not to buy.

Senator MIKULSKI. Are you personally—

Secretary GUTIERREZ. Yes.

Senator MIKULSKI. Is this thing operated out of your office?

Secretary GUTIERREZ. It is being operated out of John Kneuer's office, NTIA. But I am very close to this and—

Senator MIKULSKI. Well, Mr. Secretary, I know you have a lot on your plate, and I know you are traveling the world in the many issues we have talked about, protecting intellectual property, doing very important things for the good of our economic security. But this is a big one.

Secretary GUTIERREZ. I would agree with that.

Senator MIKULSKI. It is 4½ years since 9/11, and you would think that, number one, we can accelerate putting it in place. But working with NTIA, if you could personally keep an eye on it, so that it doesn't get bogged down. But at the same time, we really do achieve this goal. I think it is one of the most important things that you could accomplish, if I might be so bold.

Secretary GUTIERREZ. I will stay very close to it. And if I may, I will send you a summary for the record of the test.

Senator SHELBY. That would be good.

Senator MIKULSKI. Yes. Well, you know the importance of communication.

Senator SHELBY. That is right. Got to have it.

Senator MIKULSKI. You know all about it, what you guys went through with Katrina. It could be a predatory attack, or it could be a natural disaster.

Senator SHELBY. We certainly need interoperability, don't we, Senator?

Senator MIKULSKI. Yes, we certainly do.

That concludes my questions.

Senator SHELBY. Mr. Secretary, we thank you for your appearance today.

ADDITIONAL COMMITTEE QUESTIONS

We are going to keep the record open because we have some other Senators that couldn't be here who would like to submit some questions for the record, and we will hope that when we get them to you that you could respond to them no later than June 16, as we are working on the fiscal year 2007 appropriations.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

FISCAL YEAR 2006 SUPPLEMENTAL—NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION

Question. What financial mechanisms did the Department of Commerce use to create this almost three month delay in allocating December supplemental funds to the appropriate NOAA folks on the Gulf Coast?

Answer. The Department of Commerce employed the standard financial and procedural mechanisms to approve, apportion and distribute the funds provided by Congress in Public Law 109–148. This enactment took just over six weeks, from the date of the signed appropriation to final distribution (please see timeline below).

Question. Have all of the December supplemental funds been distributed? If not, why not?

Answer. Yes. The funding was distributed to NOAA Line Offices on February 15, 2006. NOAA began conducting activities using those funds immediately.

Question. How will the Department handle the distribution of additional supplemental funds?

Answer. NOAA has formed an internal working team to expedite the distribution of funds. The Team has developed procedures to track the expenditures and ensure all internal control processes are set up to handle any additional funding.

Question. Please provide the Committee with a timeline of events for getting supplemental funds to the intended recipients.

Answer. The final transfer of funding to the intended recipient depends on the individual items listed in the supplemental. NOAA is working hard to award all contracts and transfer funding as soon as possible. The timeline for the enactment of funds from the December supplemental is as follows:

- Public Law 109–148 signed—December 30, 2005
- Apportionment Submitted to Department of Commerce—January 21, 2006
- Apportionment Submitted to OMB—February 1, 2006
- OMB Approval of Apportionment—February 9, 2006
- Signed Apportionment received in NOAA—February 10, 2006
- Final transfer to NOAA Line Offices—February 15, 2006

ECONOMIC DEVELOPMENT ADMINISTRATION

Question. How would this restructuring of accounts be more beneficial to our communities that rely on these grants for economic improvement?

Answer. Under the RDA, EDA will simplify its application process for communities while maintaining its current selection criteria and traditional balance between rural and urban projects. The restructuring of accounts into the RDA will provide additional benefits to communities because it will:

- Allow grantees to engage simultaneously in multiple activities in support of a common initiative with just one EDA grant (e.g., infrastructure and technical assistance).
- Provide EDA additional flexibility to respond to sudden and severe economic dislocations (e.g., a significant plant closure, natural disaster covered by the Stafford Act, or a military base closure), especially when those economic dislocations occur near the end of the fiscal year.
- Mirror the flexibility of EDA's popular and proven Economic Adjustment account.
- Eliminate redundant application and reporting requirements for grantees.
- Increase EDA's efficiency by providing a single, flexible program account and avoid the accounting and management challenge of managing four separate "buckets" of funding across the six EDA regions.

Question. Should this Committee agree to the change in accounts as proposed in the budget request, what assurances can you provide that this restructuring won't leave gaps in assistance?

Answer. EDA is a discretionary program for which there will always be a greater demand than supply when it comes to funding. It is important to note that if the RDA were enacted, it would have no impact on EDA's investment selection criteria, balance between rural and urban investments, or focus on economic distress. Additionally, the RDA would not affect the general level of funding per project.

Additionally, the RDA would better ensure that small jurisdictions and rural areas have a "seat at the table" within the larger regional economic development framework. The RDA would increase the focus on regional approaches, allowing rural areas to better build on shared strengths and link up with regional economic hubs. This focus would in turn enhance the economic prospects of rural and dis-

tressed areas as they attempt to integrate into the larger economic region and participate in the growing national economy.

Please see also the attached document, "Economic Development Administration—Regional Development Account".

Question. Given this recent reprogramming of funds, how can the funding level requested for fiscal year 2007 be sufficient to continue current operations without a reorganization or restructuring, when it is less than what we have been told is necessary for fiscal year 2006?

Answer. For fiscal year 2007, EDA will defer or cancel planned projects, including automation and training initiatives, defer staff hires until later in the year or to the following year, recruit interns in lieu of higher-graded staff, identify every available resource and potential operational efficiency, and, if absolutely necessary, reduce staff in order to maintain a six regional office footprint and operate within the parameters of the President's fiscal year 2007 budget request.

Question. What funding level is necessary to maintain current EDA operations in fiscal year 2007?

Answer. EDA continues to support the President's budget request for fiscal year 2007. The Salaries and Expenses request is \$29.7 million. The request level would necessitate programmatic and organizational changes. To maintain the current regional office structure and level of service provided without changes may require additional resources.

UNITED STATES PATENT AND TRADEMARK OFFICE

Question. Can you give us a status update on the U.S. Patent and Trademark Office's intellectual property education, outreach, and enforcement efforts?

Answer. The USPTO is diligently working to help curb intellectual property theft and strengthen intellectual property (IP) protection and enforcement in every corner of the globe. As the largest IP office in the world, the USPTO is leading efforts to develop and strengthen domestic and international intellectual property protection.

Under the American Inventors Protection Act (AIPA) of 1999 (Public Law 106-113), the USPTO is directed to advise the President, through the Secretary of Commerce, and all federal agencies on national and international intellectual property policy issues, including intellectual property protection in other nations. The USPTO is also authorized by the AIPA to provide guidance, conduct programs and studies, and otherwise interact with foreign intellectual property offices and international intergovernmental organizations on matters involving the protection of intellectual property.

Through its Offices of International Relations, Enforcement, and Congressional Relations, the USPTO: (1) helps negotiate and works with Congress to implement international intellectual property treaties and develop domestic intellectual property related legislation; (2) provides technical assistance to foreign governments that are looking to develop or improve their intellectual property laws and systems; (3) provides capacity-building training programs to foreign intellectual property officials on intellectual property enforcement; (4) advises the Department of State and the U.S. Trade Representative (USTR) on drafting and reviewing intellectual property sections in bilateral and multilateral investment treaties and trade agreements; (5) advises the USTR and the Department of State on intellectual property issues in the World Trade Organization (WTO); (6) works with USTR, the Department of State, and American industry on the annual review of intellectual property protection and enforcement under the Special 301 provisions of the Trade Act of 1974; and (7) consults with the Department of Justice and other federal law enforcement entities who are responsible for intellectual property enforcement.

The Strategy Targeting Organized Piracy (STOP!) Initiative.—The USPTO is actively involved in the Administration's STOP! initiative, the most comprehensive U.S. Government-wide initiative created to combat trade in pirated and counterfeit goods. The initiative is a collaboration of the Departments of Commerce, Justice, Homeland Security, and the Office of the USTR. The goal of the STOP! program is to prevent international piracy and counterfeiting and protect U.S. businesses, especially small and medium-sized enterprises, overseas. The STOP! initiative has brought together all the major players at the highest levels—the federal government, private sector, and trade partners—and this increased level of coordination has produced some of the initiatives described below and real results in our world-wide efforts to promote and protect IP.

Help Hotline.—As part of STOP!, the USPTO manages a hotline (1-866-999-HALT) that helps small- and medium-sized businesses leverage the resources of the U.S. Government to protect their intellectual property rights in the United States and abroad. Callers receive information from IP attorneys at the USPTO with re-

gional expertise on how to secure patents, trademarks and copyrights, and on the enforcement of these rights.

Stopfakes.gov.—The USPTO has established a link on its website to www.stopfakes.gov which provides in-depth detail of the STOP! initiative. One key feature of the website is the country specific “Toolkits” that have been created by our embassies overseas to assist small- and medium-sized businesses with intellectual property rights issues in China, Korea, Mexico, Taiwan, and Russia, with additional toolkits to be posted soon. STOP! also seeks to increase global awareness of the risks and consequences of intellectual property crimes through a section of its website, www.stopfakes.com/smallbusiness, that is specifically designed and operated by the USPTO to answer common questions of small businesses so they can better identify and address their intellectual property protection needs.

No-trade-in-fakes.—The no-trade-in-fakes program is being developed in cooperation with the private sector. This is a voluntary, industry driven set of guidelines and a corporate compliance program that participating companies will use to ensure their supply chains and retail networks are free of counterfeit or pirated goods. In addition, Customs and Border Protection (CBP) maintains a trademark recordation system for marks registered at the USPTO to assist the CBP in its efforts to prevent the importation of goods that infringe registered marks. The USPTO has begun mailing notices to new trademark registrants directing them to the services that CBP offers, and has established a website link on the USPTO homepage which contains the CBP form for recordation.

Public Awareness Campaign.—While counterfeiting and piracy pose a serious threat to all American businesses, small businesses are particularly at risk since they often lack the knowledge and expertise to effectively combat them. Because small businesses typically do not have personnel or maintain large operations in other countries, theft of their intellectual property overseas can go undetected. As part of the STOP! initiative, the USPTO has launched an intensive national public awareness campaign to help educate small businesses on protecting their intellectual property both here and abroad.

The USPTO began a conference series targeting small- and medium-sized businesses where participants learn what intellectual property rights are, why they are important, and how to protect and enforce these rights. Several workshops have been conducted throughout the country and the USPTO will continue to hold small-business outreach seminars to give American businesses face-to-face contact with intellectual property experts. This effort is expected to reach hundreds of American entrepreneurs in fiscal year 2006.

The USPTO has also participated in a China road show in several U.S. cities for companies ranging from small businesses contemplating entering the China market to large corporations with established presence in China. Topics have included a review of recent laws and regulations promulgated by the Chinese government that affect protection and enforcement of intellectual property, what the U.S. Government is doing to improve intellectual property protection and enforcement in China, how to best protect business assets to avoid intellectual property problems, how to recognize product infringement, and steps to take if infringement occurs.

Posting of IP Experts.—In partnership with the Department of Commerce’s U.S. and Foreign Commercial Service and the Department of State, the USPTO is working to post additional IP experts in selected, high-profile countries where U.S. IP challenges are greatest. These countries include China, Brazil, India, Thailand, Russia and Egypt. The experts will advocate U.S. IP policy and interests, conduct training on IP rights matters, assist U.S. businesses and otherwise support the Embassy or Consulate action plan on IP rights.

Global Intellectual Property Academy.—In the fall of 2005, USPTO created the Global Intellectual Property Academy (GIPA), which consolidates and greatly expands USPTO’s curriculum of training and capacity building programs on intellectual property rights protection and enforcement. Through the GIPA, USPTO will bring foreign government officials including judges, prosecutors, police, Customs officers, patent, trademark and copyright officials and policy makers to the United States to learn, discuss and strategize about global IPR protection and enforcement. In fiscal year 2006, the USPTO expects this effort to reach several hundred foreign IPR officials. GIPA programs cover the gamut of patent, trademark, copyright and IPR enforcement issues facing the global economy, and are offered by USPTO acting in close cooperation with other U.S. federal government agencies.

Training, Workshop and Seminar Events.—Various completed and planned training, workshops, seminars and other IP-related events are ongoing.

NATIONAL POLAR-ORBITING OPERATIONAL ENVIRONMENTAL SATELLITE SYSTEM (NPOESS)

Question. In your opening statement, you say that your Department's goal will be to "ensure the best possible approach for meeting the Nation's civilian and military meteorological needs and protecting the taxpayer." What exactly are the options being considered within NOAA in response to the increased cost and schedule delays for NPOESS?

Answer. In addition to the program of record, a range of options were considered in the Nunn-McCurdy certification process. The options (over 40 were considered) are best characterized as: reducing the number of satellites on orbit; changing the capabilities of the instruments on the satellite; and delaying launch dates. After five months of careful and extensive deliberations, the Tri-Agency group participating in the Nunn-McCurdy certification process chose an option that reduces the number of orbits from three to two; continues cooperation with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) for the mid-morning orbit; minimizes any potential gaps in coverage; and reduces requirements for the Conical-scanning Microwave Imager/Sounder (CMIS) resulting in a recompute of a less complex system. The cost to procure several secondary sensors is not included in the certified program; however, the program will plan for and fund the integration of these sensors on the spacecraft. Further, any additional funding gained through contract renegotiation or in unutilized management reserve would be used to procure these secondary sensors.

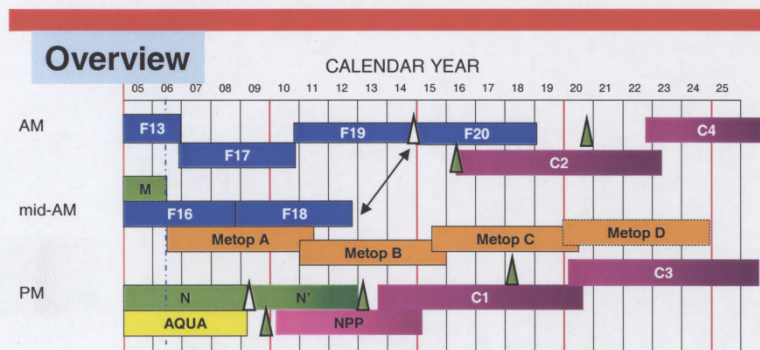
Question. Would NOAA be better off going it alone on the NPOESS program, rather than continuing the partnership with the U.S. Air Force and NASA? What would be the cost for NOAA to take on a satellite program of this magnitude on its own?

Answer. As a precaution during the Nunn-McCurdy certification process, NOAA (with the assistance of NASA) looked at the ways to maintain continuity of polar satellite data other than the converged NPOESS program. Any scenario where NOAA would go it alone would be costly and yield less capability than the partnership program. The restructured program maintains the Tri-Agency partnership of the original program. NOAA continues to support the Tri-Agency program and benefits by the 50:50 funding partnership between the Air Force and NOAA.

Question. How are we addressing potential gaps in satellite coverage given the delays that have already been experienced, and the possibility of even more delays due to the Nunn-McCurdy process?

Answer. The number one priority in all of the Nunn-McCurdy certification analysis and deliberations was to avoid a gap in operational data delivery. The restructured program provides high confidence that no gap will exist. A 90 percent confidence level schedule for avoiding an operational data gap has been laid out for the restructured program. Before the launch of the first NPOESS, NOAA seeks to delay the launch of its last polar satellite, NOAA N Prime; rely on the NPOESS Preparatory Project (NPP); and through a partnership with EUMETSAT, will receive data from METOP. An updated NPOESS satellite schedule is attached.

NPOESS Revised Schedule



From House Science Committee brief, June 7, 2006

U.S. OCEAN ACTION PLAN

Question. Why is the gap so consistently great between the administration's annual requests to support our oceans with that of the true needs of our ocean community?

Answer. NOAA has a diverse mission ranging from managing fisheries to predicting the severe weather. The Administration's requests provide a balanced set of priorities to sustain core mission services and address our highest priority program needs. However, even with a restrained fiscal environment, the fiscal year 2007 President's budget includes over \$184.9 million in increases for ocean and coastal needs.

NOAA will continue to work within the Administration and with Congress to ensure the ocean community's highest needs are addressed.

Question. In what way does the fiscal year 2007 budget request provide sufficient funding to address NOAA's responsibilities in relation to the Joint Ocean Commission's Reports, or does the current request follow the same trend as 2005 and 2006 as identified by the recent report?

Answer. Both the fiscal year 2007 President's budget and NOAA's activities support the President's U.S. Ocean Action Plan, which responded to the recommendations of the U.S. Commission on Ocean Policy. NOAA has requested \$1.7 billion in ocean and coastal related programs and activities in the fiscal year 2007 President's budget request in support of the U.S. Ocean Action Plan (OAP); this is an increase of \$184.9 million over the fiscal year 2007 base. The OAP reflects the Administration's focus on achieving meaningful results—making our oceans, coasts, and Great Lakes cleaner, healthier, and more productive. The Plan itself is a budget-neutral document, and does not commit any new investments to fulfilling its objectives.

Question. What progress has NOAA made in addressing the recommendations put forward by the U.S. Commission on Ocean Policy, specifically the Report Card's low marks for "International Leadership" and "Research, Science and Education?"

Answer. As you know, the Administration responded to the Commission's report with the U.S. Ocean Action Plan. The OAP reflects the Administration's focus on achieving meaningful results—making our oceans, coasts, and Great Lakes cleaner, healthier, and more productive. It recognizes the challenges in developing management strategies that ensure continued conservation of coastal and marine habitats and living resources while at the same time ensuring that the American public enjoys and benefits from those same resources.

Not all of our work towards implementing the OAP is budgetary in nature. A key achievement has been to address the Ocean Commission's call to improve coordination of Federal agencies with ocean-related missions through the creation of the interagency Committee on Ocean Policy and its subsidiary groups. NOAA is lead or co-lead, for roughly half the assigned items from the President's plan, and has made significant strides on several OAP actions:

- The NOAA Organic Act establishing NOAA within the Department of Commerce was transmitted to Congress in April 2005.
- Magnuson-Stevens Fishery Conservation and Management Act reauthorization and legislation to establish a national offshore aquaculture program was introduced.
- An Administration bill for the reauthorization of the Marine Mammal Protection Act was submitted in June 2005.
- NOAA is playing a key role in the Gulf of Mexico Alliance and the planning for the formation of a Northeast Regional Oceans Council.
- NOAA Fleet: NOAA received \$34 million in fiscal year 2005 to build the third Fisheries Survey Vessel, which is expected to be delivered in late 2007. NOAA also exercised an option for about \$30 million to build the fourth planned vessel under an existing contract. Construction will begin in 2006 with delivery planned during the second half of 2008.

Many of the remaining action items—including improving International Leadership and Research, Science and Education—are long-term projects which are more about changing the way the world manages our ocean resources:

- Ocean Education.*—The Ocean Hall exhibition—developed in concert with NOAA—has opened at the Smithsonian, and is slated to be open for 30 years, with a web portal that provides virtual access to the museum's marine collections.
- Regional Partnership in the Gulf of Mexico.*—The Gulf Governors' Action Plan has been developed by the five Gulf States as part of the Gulf of Mexico Partnership. The Action Plan was unveiled on March 28, 2006, at the State of the Gulf Summit in Corpus Christi, Texas.

- Partnership Creation.*—State Department funding of \$320,000 for a White Water to Blue Water Initiative small grants program will allow ongoing partnerships to continue and new partnerships to be developed among international and multi-sectoral partners which will promote integrated watershed and marine ecosystem-based management.
- Link the Global Marine Assessment (GMA) and Global Earth Observation System of Systems.*—Through international cooperation, the GEOSS will collect and disperse data information from terrestrial, atmospheric, climate, and ocean observations. The GMA, under development since the World Summit on Sustainable Development, will seek to establish a regular, comprehensive process of reporting and assessment of the state of the global marine environment.

CONGRESSIONAL EARMARKS

Question. What can Congress do to fully fund the needs of the agency, including those activities that have been eliminated or under-funded by the administration, in a manner that would not cause the administration to view those activities as Congressional “add-ons?”

Answer. The first priority is to fully fund the fiscal year 2007 President’s budget request. The request level of \$3,684 million contains modest investments in core programs and ocean-related activities. The President’s budget is focused on meeting National needs for NOAA services. In many cases, the Congressional “earmarks” and “add-ons” address a single purpose in a defined geographic area. While some have merit and support NOAA’s mission, the fiscal year 2007 request focused on the highest priority programs to meet National needs.

DEPARTMENTAL MANAGEMENT

Question. Within the Departmental Management Salaries and Expenses account, there is a \$3.6 million increase for E-Government Initiatives. Is this funding level for the E-Government Initiatives of the Department of Commerce only? Are any of these funds a “tax” to be paid to the Office of Management and Budget?

Answer. The Department of Commerce has included a funding request for e-government initiatives and lines of business (LoB) for fiscal year 2007. The breakdown is as follows:

Agency	Initiative/LoB	Amount
EPA	E-Rulemaking	\$855,000
DOC/ITA	International Trade Process Streamlining	740,000
SBA	Business Gateway	329,000
HHS	Grants.gov	521,000
GSA	Integrated Acquisition	174,000
GSA	E-Authentication	749,000
GSA	Financial Management LoB	83,000
OPM	Human Resources LoB	130,000
HHS	Grants Management LoB	60,000
Total Commerce		3,641,000

These funds represent the total Commerce funding contribution to the managing partner agencies, which develop the initiatives and lines of business. Funding amounts are based on initiative and line of business costs and were jointly determined by the managing partner agency and the agencies making use of the services provided by the initiative and lines of business. The funds are used by the managing partner agencies to support operations and implementation of the initiatives and lines of business. As a user of services provided by these initiatives and lines of business, Commerce benefits through economies of scale, avoidance of duplication of effort, and improved services to its citizen constituents.

These funds will be sent through memoranda of understanding to the managing partner agencies. The Office of Management and Budget does not receive any of the Commerce funds.

Question. The fiscal year 2007 budget request includes \$18 million for the renovation and modernization of the Herbert C. Hoover Building, headquarters for the Department of Commerce. The Committee notes that funding was requested in fiscal year 2006, but not appropriated. What would this level of funding provide?

Answer. This funding level would allow DOC to fund its share of costs related to the first phase of construction (primarily build out and furnishing of a consolidated data center and internal swing space); fund the fiscal year 2007 portion of the DOC

share of costs for the GSA Lease Prospectus approved by Congress (moving one-third of the HCHB employees to leased swing space, providing unoccupied areas for renovation of one-third of the HCHB at a time); and to fund a Project Management Office (PMO) that will manage DOC responsibilities throughout the life of the renovation. The fiscal year 2007 funding request consists of three major components listed below.

	Amount
Build-out and furnish the courtyard 6 space	\$5,900,000
Lease space costs	10,400,000
Contract support for PMO	1,700,000
TOTAL	18,000,000

Question. How many years of follow-on funding would be needed to complete the renovation of the Herbert C. Hoover Building?

Answer. The renovation project is expected to continue through 2017.

Question. Within the Departmental Management Salaries and Expenses account, there is a \$5.9 million increase for blast mitigation windows for the Herbert C. Hoover Building. Is this the total funding level necessary, or will there be an additional request in fiscal year 2008? How many years of funding and at what level may we expect to see in this account?

Answer. Approximately one-third of the facility will be protected with the start-up funding requested in fiscal year 2007. Additional funding requirements and timing of installation of additional windows will need to be determined in the context of the overall Hoover Building renovation.

Question. Why are blast mitigation windows necessary for the Department, when other D.C. offices—even the U.S. Capitol—use more cost effective alternatives?

Answer. Blast mitigation windows are required to protect the lives of our employees and other occupants. It is the most cost-effective protection for this unique facility. All other Federal buildings in the Federal Triangle area have upgraded windows.

The HCHB requires this level of countermeasure to mitigate the risk to our employees. Vulnerability factors include:

- Location immediately adjacent to two intersection HAZMAT routes (14th Street and Constitution Avenue) and nearby rail line that transports HAZMAT cargo.
- No available standoff, dedicated police officers or permanent/temporary street closures (available at U.S. Capitol).
- Proximity to known terrorism targets.

Independent studies on the HCHB by GSA and the Federal Protective Service (now DHS) recognized the vulnerability to hazardous window failure and documented the requirement for blast windows to provide cost-effective security.

- Federal Protective Service (now DHS): Security Survey/Risk Assessment Report, 2001. “Window protection is inadequate.”
- GSA: Window Blast Hazard Mitigation Study, 2003. The HCHB “is vulnerable to hazardous window failure . . . windows, therefore, require an upgrade.”
- GSA: Modification of HCHB HVAC to Obtain Positive Building Pressurization and Air Filtration, 2003. “Existing windows are in ‘poor condition’ and need to be replaced to improve the pressurization that will mitigate chemical, biological, and radiological contaminants.”

ECONOMIC DEVELOPMENT ADMINISTRATION

Question. You have stated that EDA can operate within the parameters of the President’s fiscal year 2007 budget request and maintain a six office regional footprint. What impact, if any, will there be, on service delivery, operations and human resource levels by maintaining six offices with this level of resources for this number of offices?

Answer. EDA is committed to honoring congressional intent by maintaining a six-office regional footprint while at the same time supporting the President’s budget request. EDA will do this by dedicating available resources to essential activities such as proposal review and approval, grant award, grant administration and required reporting, achieving efficiencies and process improvements throughout its operations. EDA will ensure adequate funding of these essential services through reductions to non-essential and lower priority activities. This could include reductions to one-on-one customer assistance before and during the application process, process automation, training, post-award customer support and oversight. As a last resort, EDA may be required to consider staff reductions.

CONCLUSION OF HEARINGS

Senator SHELBY. For the information of Senators and others, this subcommittee's next hearing is scheduled for June 7 in the Dirksen Senate Office Building, room 192 at 10 a.m. on overview of the 2006 hurricane season.

Until then, the subcommittee stands in recess.

[Whereupon, at 3:09 p.m., Wednesday, May 3, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2007

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Commerce, Justice, Science, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2007 budget request for programs within the subcommittee's jurisdiction.]

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF MARINE LABORATORIES

Mr. Chairman and members of the subcommittee, on behalf of the National Association of Marine Laboratories I am pleased to submit this statement in strong support of the President's American Competitiveness Initiative, as well as the research and education programs under the subcommittee's jurisdiction that are vitally important for a vibrant oceans, coastal, and Great Lakes research and education enterprise. My name is Tony Michaels and I am the director of the Wrigley Institute for Environmental Studies at the University of Southern California. I am submitting this statement as the President of National Association of Marine Laboratories (NAML).

NAML is a nonprofit organization of over 120 member institutions employing more than 10,000 scientists, engineers, and professionals and representing ocean, coastal and Great Lakes laboratories stretching from Maine to the Gulf of Mexico to the west coast, from Guam to Bermuda and from Alaska to Puerto Rico. NAML labs support the conduct of high quality ocean, coastal and Great Lakes research and education in the natural and social sciences and the effective use of that science for decision-making on the important issues that face our country. Through national and regional networks, NAML labs—

- Promote and support basic and applied research of the highest quality from the unique perspective of coastal laboratories;
- Assist local, regional and State entities with information related to the use and conservation of marine and coastal resources using ecosystem-based management approaches;
- Recognize, encourage and support the unique and significant role that coastal laboratories play in workforce development, enhancing science/ocean literacy, and in conducting education, outreach, and public service programs for K-12 audiences; and
- Facilitate the exchange of information and relevant expertise between NAML member institutions, government agencies, and the private sector.

AMERICAN COMPETITIVENESS INITIATIVE

NAML strongly supports the President's fiscal year 2007 American Competitiveness Initiative (ACI) for research and education along with the accompanying Presidential budget request which includes a doubling of the Federal commitment to basic research programs in the physical sciences over the next 10 years. NAML expressly supports the President's fiscal year 2007 request of \$6.02 billion for the NSF.

While not officially part of the President's ACI, NAML also urges the subcommittee to recognize and support the vital research programs of the National Oceanic and Atmospheric Administration (NOAA) and calls on the subcommittee to fund NOAA at a level of \$4.5 billion which would enable NOAA to carry out its multiple missions on behalf of the American people.

OCEAN, COASTAL AND GREAT LAKES RESEARCH

NAML strongly supports enhanced support for cutting edge ocean, coastal, and Great Lakes research in the natural and social sciences, education, outreach, and related infrastructure. The marine sciences have much to offer the Nation as it seeks to strengthen its ability to innovate and compete in today's global economy. They are inherently interdisciplinary, push the envelope in terms of technology development, test the boundaries of our data collection and analysis systems, and offer an effective training ground for future scientists and engineers. As the Nation seeks to augment its investment in the physical sciences to increase its international competitiveness, NAML calls on policy makers to recognize the integrated nature of the marine sciences and to support an enhanced investment in these as well as other science and engineering disciplines as part of any long term economic competitiveness policy.

NAML supports increased federal funding for the National Science Foundation (NSF) consistent with the President's budget for fiscal year 2007. Basic research and the transfer and use of the knowledge developed through research are vital for the long term economic competitiveness and national security of this Nation. It is increasingly important for the Nation to maintain—and enhance—its scientific edge in a global community with emerging new capacities for scientific research. NSF provides vital support for basic research and education which enhances public understanding of the Nation's oceans, coastal areas, and the Great Lakes. NSF also provides important support for basic laboratory facilities, instrumentation, support systems, computing and related cyberinfrastructure, and ship access. The final report of the U.S. Commission on Ocean Policy makes several recommendations on the need to develop and enhance ocean, coastal and Great Lakes research infrastructure. That infrastructure includes research vessels, ocean observing systems, and the shore-based instrumentation and equipment needed to collect and analyze the data and observations made by research vessels and the observing systems. For that reason, NAML strongly supports the NSF proposal to initiate support for the development of the Ocean Observatories Initiative in the fiscal year 2007 budget request. NAML also urges the Congress to provide \$5 million for the expansion of the NSF's Field Stations and Marine Laboratories program. This modest program provides researchers with access to state of the art instrumentation for research and education and necessary cyberinfrastructure and data management systems that complement the Ocean Observatories Initiative.

NOAA is one of the premier science agencies in the Federal Government, providing decision makers with important data, products and services that promote and enhance the Nation's economy, security, environment, and quality of life. It was NOAA—and its underlying science enterprise—that enabled the delivery of accurate and timely information regarding the impending landfall of Hurricane Katrina in 2005, a forecast that saved tens of thousands of lives.

The \$4.5 billion recommended for NOAA would fully fund the President's fiscal year 2007 budget request, restore funding for core programs, and address all the areas of concern and priority that have traditionally been supported by Congress. It would allow enhancements in the development of an integrated ocean and atmospheric observing system; increased research and education activities and expanded ocean conservation and management programs; and provide critical improvements in infrastructure (satellites, ships, high performance computers, facilities), and data management.

In August 2004, a congressionally requested study of NOAA's research programs, entitled, *Review of the Organization and Management of Research in NOAA* concluded that extramural research is critical to accomplishing NOAA's mission. The access to such enhanced research capacities provides NOAA with world class expertise not found in NOAA laboratories; connectivity with planning and conduct of global science; means to leverage external funding sources; facilitation of multi-institution cooperation; access to vast and unique research facilities; and access to graduate and undergraduate students. Academic scientists also benefit from working with NOAA, in part, by learning to make their research more directly relevant to management and policy. It is an important two-way interaction and exchange of information and value.

NAML strongly supports a robust NOAA extramural research activity and calls on the subcommittee to support the National Sea Grant program, the National Undersea Research program, the Ocean Exploration Initiative, as well as research related to aquaculture, invasive species, harmful algal blooms and the various joint and cooperative institutes at levels envisioned in last year's Senate version of the Commerce-Justice-State appropriations bill. These partnership programs are not only consistent with the findings of the August 2004 review of NOAA research, but are also consistent with the NOAA strategic plan and enable NOAA to carry out its mission at the State and local level.

OCEAN, COASTAL AND GREAT LAKES EDUCATION AND OUTREACH

A strong national ocean policy can only be sustained through the development of high-quality coastal, ocean, and Great Lakes education programs that support learning at all age levels and by all disciplines. Through such efforts, NAML can highlight the relevance and utility of coastal, ocean and Great Lakes resources and demonstrate and increase the value of incorporating science-based decisions in a public policy process designed to protect and enhance these resources. For that reason, NAML strongly supports the NSF Centers for Ocean Science Education Excellence program (COSEE), NSF education and human resources generally, and NOAA's Office of Education. Such programs provide a rich environment within which partnerships flourish. A greater understanding of the oceans and coastal ecosystems will instill a sense of stewardship for these important environments. These programs also yield a more diverse workforce that includes a significant participation by underrepresented groups. Preparing these cultural bridges would allow us to capitalize upon diverse national strengths, ensuring the flow of intellectual talent into ocean, coastal, and Great Lakes-related fields.

OCEAN COMMISSION AND INTERAGENCY RESPONSE

NAML strongly supports implementation of the recommendations from the U.S. Commission on Ocean Policy and the initial efforts of the administration's Interagency Committee on Ocean Policy to develop a response to the commission's recommendations. The commission's analysis of policies governing oceans, coasts, and Great Lakes has resulted in a collection of bold and broad-reaching recommendations for reform. Implementation of these recommendations by the Federal Government will enable the United States to maintain and strengthen its role as a world leader in protecting and sustaining the planet's oceans, coasts, and Great Lakes. NAML is particularly supportive of the commission's recommendation to re-align NOAA's functions to support ecosystem-based management approaches. In addition, we fully endorse the commission's recommendations to double the federal investment in ocean, coastal, and Great Lakes research as well as its recommendation to promote a strong federal investment in ocean, coastal, and Great Lakes education, outreach, and stewardship. The commission's recommendations are important first steps in addressing the Nation's ocean, coastal, and Great Lakes needs.

NAML is supportive of the initial steps taken by the administration in response to the commission's report—including the creation of Committee on Ocean Policy established in December 2004 by Executive Order. NAML is committed to working with the interagency Joint Subcommittee on Ocean Science and Technology and to commenting on the forthcoming Ocean Research Priorities Plan and Implementation Strategy.

INTEGRATED OCEAN, COASTAL AND GREAT LAKES OBSERVING SYSTEMS

Integrated observations offer critical information on coastal processes necessary for addressing issues, such as the health of humans and marine life, weather and climate nowcasts and forecasts, homeland security, and resource management. Coastal and marine laboratories have been addressing this need. However, funding for existing subsystems is difficult to sustain, and significant additional funding is required to implement the national integrated system. Although efforts have been made in the past to coordinate federal agencies involved in ocean and coastal research and national and international programs regarding coastal, ocean, and Great Lakes observing systems, further investment and strengthened cooperation at all levels is still needed to ensure that these systems are sustained and that they incorporate the long-term monitoring efforts of the Nation's coastal and marine laboratories. NAML enthusiastically supports the development of a sustained integrated ocean observing system to be managed by NOAA.

CONCLUSION

NAML recognizes the extraordinary fiscal constraints and difficult choices the subcommittee must make. Nevertheless, the research and education programs under the subcommittee's jurisdiction are vital investments in the future of this Nation and deserve the maximum support possible. Thank you for the opportunity to submit these recommendations.

PREPARED STATEMENT OF THE FEDERATION OF AMERICAN SOCIETIES FOR
EXPERIMENTAL BIOLOGY

The Federation of American Societies for Experimental Biology (FASEB) is a coalition of 22 independent scientific societies who together represent more than 84,000 biomedical research scientists. The mission of FASEB is to enhance the ability of biomedical and life scientists to improve, through their research, the health, well-being and productivity of all people. As your committee begins deliberations on appropriations for agencies under its jurisdiction, FASEB would like to offer its views on funding for the National Science Foundation (NSF). FASEB recommends an appropriation of \$6.4 billion for the National Science Foundation in fiscal year 2007. This appropriation should be the start of a long-term, steadily increasing national investment in the agency, which was the goal of the NSF Doubling Act of 2002.

For more than 50 years, NSF has served as our Nation's premier sponsor of fundamental research and science education. NSF invests in talent, ideas, and tools that cross all boundaries of scientific inquiry to produce new discoveries and technologies. These innovations save lives, enhance our economic productivity, protect our country, and increase our knowledge and understanding of the world.

As other countries make research and development (R&D) spending a top priority, U.S. investment in basic research achieves heightened importance for maintaining America's global competitiveness. According to the recent National Academies' report, *Rising Above The Gathering Storm: Energizing and Employing America For A Brighter Future*, the U.S. risks falling behind other nations in its number of highly trained scientists and engineers. In China, 57 percent of undergraduates receive their degrees in science and engineering, compared to just 33 percent in the United States.¹ A large fraction of the U.S. students lack the fundamental knowledge necessary to succeed in these fields. Less than one-third of U.S. 4th grade and 8th grade students performed at or above a level of "proficient" in mathematics; proficiency was considered the ability to exhibit competence with challenging subject matter.² In 2001, the Hart-Rudman Commission on American National Security—a bipartisan panel set up to address the national security challenges of the new century—stated, "second only to a weapon of mass destruction detonating in an American city, we can think of nothing more dangerous than a failure to manage properly science, technology, and education for the common good over the next quarter century."³

NSF receives less than 5 percent of the federal R&D budget but takes a leading role in promoting progress in science and technology. Each year, NSF awards grants to more than 200,000 scientists, teachers, and student researchers for cutting-edge projects in science, engineering, and mathematics at thousands of educational institutions across the country. NSF educational programs develop the talent needed to maintain our science and technology (S&T) leadership.

Through its core programs, NSF subsidizes the highest quality, fundamental research in all major S&T fields. This broad approach makes the agency unique among federal sponsors of research, enabling NSF to play a critical role in fostering interdisciplinary collaboration, stimulating the flow of ideas across scientific boundaries. The ability of scientists to share insights and perspectives across disciplines has produced impressive breakthroughs and solutions for perplexing problems. For example, NSF-funded research at the intersection of material science and medicine has developed a modified form of collagen that could be used to block the formation of scar tissue, control the growth of tiny blood vessels in tissues destined for transplant, and even lead to better infection-fighting bandages.

¹Data are from National Science Board. 2006 *Science and Engineering Indicators* (NSB 06-02). Arlington, VA: National Science Foundation, <http://www.nsf.gov/statistics/seind06/c2/c2s4.htm>. accessed March 8, 2006.

²National Center for Education Statistics, *Trends in International Mathematics and Science Study*, 2003. <http://nces.edu.gov/timss> accessed November 16, 2005.

³U.S. Commission on National Security for the 21st Century. *Recommendations of Hart-Rudman National Security Report: R&D*. FYI: The AIP Bulletin of Science Policy News. FYI # 22: February 28, 2001. www.aip.org/fyi/2001/022.html. accessed November 16, 2005.

Research funded by the National Science Foundation is providing knowledge and information on a host of America's most vexing problems. With breakthroughs in public safety and natural disaster mitigation, alternative energy sources, and medicine, NSF support is leading the way toward new discoveries that have significant economic and societal benefits. Recent advances by NSF-funded scientists include:

The recent natural disasters are a stark reminder that much is needed in the way of understanding how these unique phenomena happen and what can be done to anticipate and respond to such occurrences. Research funded by NSF is exploring ways to reduce the impacts of catastrophic events.

—*Epidemic containment.*—An NSF-supported computer network contributed to the containment of the SARS outbreak last year by connecting quarantined doctors in Taiwan to a world-wide network of medical researchers. This network has a potential application in the event of a pandemic flu outbreak.

—*New Orleans levee work.*—NSF-funded engineers discovered that the flooding of New Orleans following Hurricane Katrina was caused not by water flowing over the top of the levees, but was the result of faulty soil composition supporting the levee walls.

—*Hurricane and fire forecasting.*—Computer models, created via NSF funding, have been used to predict the path and intensity of both hurricanes and fires, providing valuable information to reduce the loss of lives and property.

—*Unmanned aircraft search and rescue.*—Unmanned aircraft, developed through NSF support, were used to search for survivors immediately following Hurricane Katrina.

As our population grows and our dependence on oil and natural gas increases, research into alternative fuels will help conserve energy, reduce the need for petroleum, and provide environmentally sustainable solutions to our energy needs. NSF research is working towards making alternative fuel technology a reality.

—*Ocean-powered buoys.*—NSF has supported development of electromagnetic buoys that efficiently collect the power of ocean waves.

—*Extended-life batteries.*—Researchers have developed a porous silicone chip that can be used in low-energy batteries to power remote sensors for decades.

—*Hydrogen leak sensor.*—With the current emphasis on hydrogen fuel cells as an energy source, these miniature sensors will be crucial to prevent leaks of this combustible gas.

NSF is ideally positioned to sponsor new research efforts that combine the best researchers from biology, chemistry, computer science, economics, engineering, environmental sciences, geology, mathematics, and physics to help alleviate human suffering and increase the health of all Americans.

—*New antibiotics.*—By investigating exotic plant species in Central America, investigators have identified what could be the next generation of antibiotics, helping to slow the growing presence of antibiotic-resistant infections.

—*Heart valve testing.*—As a way to test the effectiveness of replacement heart valves, researchers supported by NSF have determined that curdled milk best mimics the characteristics of blood as it passes through the valve.

—*Freeze-tolerant tissue.*—NSF awards are being used to explore the unique properties of animals such as frogs and fish, which survive freezing temperatures, in an effort to preserve tissues for transplantation over extended periods of time.

Nanotechnology is an innovation in which objects are designed and built at the level of individual atoms or molecules. This new field is revolutionizing everything from computers to health care and NSF is leading the charge.

—*Nanopowders.*—Chemically manufactured nanopowders have been designed to absorb toxic chemicals, including nerve gas and acid spills, with rapid action to prevent hazardous situations.

—*Bio-Nanotube.*—Small chemical sensors have the potential to rapidly monitor the bodily functions of patients, such as blood sugar levels in diabetics or hormone levels after drug treatment, without invasive procedures. They can also be used to deliver drugs or genes to specific cellular targets.

—*Nanowires.*—Miniature-scale wires are able to traverse the blood vessels of the brain to monitor and stimulate specific brain regions, with potential use in Parkinson's and trauma patients.

One of the most important roles that NSF plays in support of the Nation's S&T infrastructure is its major contribution to science education. NSF helps create the next generation of scientists and engineers through its active support of primary and secondary school science curriculum development and graduate and postdoctoral student training in all scientific disciplines. NSF funding is necessary to ensure an adequately prepared workforce for addressing the challenges of the

21st century. Through NSF, our Nation supports each stage in the science education pipeline to encourage and retain the best and brightest talents in S&T.

—*Science mentoring for young women.*—Researchers have determined that pairing high school girls interested in science with elementary school girls encourages both groups to pursue a science education.

—*Engaging young scientists.*—Through NSF-funded training grants in science and math, researchers in North Carolina have developed new activity-based curriculums to encourage young students to pursue science and math careers.

NSF supports nearly 50 percent of the non-medical basic research at U.S. colleges and universities. It funds research in new frontiers of scientific inquiry and contributes to creating a highly skilled, competitive science and engineering workforce. In addition, NSF programs have been cited by the Office of Management and Budget and the Government Accountability Office for their creativity, efficiency and innovativeness. Despite this record of accomplishment, NSF funding has lagged, resulting in a steady reduction in the percentage of quality applications that receive funding, a failure to increase the size of NSF awards to support the increased costs of research, and the loss of training support for the next generation of scientists and engineers. Congress recognized this agency's critical importance when it authorized the doubling of the NSF's budget by 2007.⁴ To date, however, Congress and the administration have failed to fulfill the vision of this legislation.

If we are going to continue leading the world in innovation and prepare for the future, NSF is crucial to this goal. As NSF Director Dr. Arden Bement, Jr., has said, "America's sustained economic prosperity is based on technological innovation made possible, in large part, by fundamental science and engineering research. Innovation and technology are the engines of the American economy, and advances in science and engineering provide the fuel."⁵ Without a greater commitment to NSF, our country faces the grave possibility of losing its global dominance in science and technology.

President Bush recognized the importance of research funded by the National Science Foundation when he unveiled his American Competitiveness Initiative last month. The President has said "Groundbreaking ideas generated by innovative minds have paid enormous dividends—improving the lives and livelihoods of generations of Americans. With more research in both the public and private sectors, we will improve our quality of life—and ensure that America will lead the world in opportunity and innovation for decades to come." We urge you appropriate \$6.4 billion for the National Science Foundation in fiscal year 2007.

PREPARED STATEMENT OF THE SEA GRANT ASSOCIATION

SEA GRANT FISCAL YEAR 2007 APPROPRIATIONS REQUEST

Mr. Chairman and members of the subcommittee. I am Jonathan Kramer, President of the Sea Grant Association and Director of the Maryland Sea Grant program. The Sea Grant Association (SGA) is a non-profit organization dedicated to furthering the Sea Grant program concept. The SGA's regular members are the academic institutions that participate in the National Sea Grant College program. SGA provides the mechanism for these institutions to coordinate their activities, to set program priorities at both the regional and national level, and to provide a unified voice for these institutions on issues of importance to the oceans and coasts. The SGA advocates for greater understanding, use, and conservation of marine, coastal and Great Lakes resources.

The SGA joins with many other NOAA stakeholders to urge the subcommittee to recognize and support the vital research and outreach programs of the National Oceanic and Atmospheric Administration (NOAA). SGA requests the subcommittee to fund NOAA at a level of \$4.5 billion in fiscal year 2007 which would enable the agency to carry out its mission: To understand and predict changes in the Earth's environment and conserve and manage coastal and marine resources to meet our Nation's economic, social, and environmental needs.

As part of the overall fiscal year 2007 NOAA appropriation, the SGA requests the subcommittee to appropriate \$72 million for the National Sea Grant College program. This amount is well within the \$100.5 million level authorized in Public Law 107–299, National Sea Grant College Program Act Amendments of 2002 for fiscal

⁴National Science Foundation Act of 2002. P.L. No. 107–368. December 19, 2002.

⁵Dr. Arden Bement Jr. Testimony before the United States Senate Appropriations Subcommittee on VA–HUD and Independent Agencies. February 17, 2005, available online at: <http://appropriations.senate.gov/hearings/record.cfm?id=232167>, accessed on November 1, 2005.

year 2007. Further, this recommended amount is the same as the amount provided in last year's Senate passed Commerce-Justice-State appropriations bill. Appropriating this request would reverse the significant reduction taken by the program in fiscal year 2006 and more importantly, would allow the Sea Grant program to provide the research support, information, education, and outreach needed to assist NOAA in carrying out its mission throughout the United States.

SEA GRANT—SCIENCE SERVING THE NATION'S COASTS

Sea Grant is an investment in America's economic future. Attempts to balance our booming coastal economy with its associated impacts on the coastal and marine environment have raised the stakes for effective government action. America's coastal and ocean resources encompass an immense area with more than 95,000 miles of coastline and more than 3.4 million square miles of ocean within the U.S. territorial sea. Over half the Nation's 280 million people live in coastal counties that comprise less than one-fifth of the total land area of the United States. The economy of these coastal counties is critical to the economic well being of the entire Nation, providing a wide array of goods and services that account for at least 50 percent of the gross national product of the United States. By 2010, U.S. foreign trade in goods is expected to double to \$5 trillion, with ocean-going cargo increasing by 30 percent. Coastal tourism and recreation account for 85 percent of all U.S. tourism revenues. The oceans, in one way or another, account for one out of every six jobs. Tax revenues in coastal areas are among the fastest growing revenue sources for State and local governments. In fact, the collective economic impact of the coastal economy far exceeds U.S. agriculture, and yet federal investments in Sea Grant colleges and universities are much smaller than investments in the Land Grant college and university system funded by the U.S. Department of Agriculture for agriculture and land-based natural resource activities, the program on which Sea Grant was modeled.

Research supported by Sea Grant is based on competition, undergoes rigorous peer-review, and is geared to address the many marine and coastal challenges and opportunities that face our citizens. The federal investment in Sea Grant enables a nationally coordinated network embedded in the best research universities to apply unparalleled intellectual capital to address these problems and opportunities. Cost-effectiveness is enhanced by access to university management infrastructure.

Sea Grant serves the Nation in many ways. Sea Grant's unmatched access to local constituencies through its extension and outreach programs ensures that federal investment is targeted at relevant issues for the benefit of NOAA and other Federal agencies, State and local governments, coastal environmental managers, local fishermen, other marine resource users, and the general public. This contact also provides an important conduit for recommendations back to Sea Grant and NOAA for needed research and improved policies and services. Sea Grant's non-regulatory and science-based focus has established the program as an honest broker among a wide range of constituencies. In addition, marine education programs supported by federal funds reach from kindergarten to marine-related business people to elder hostels. The matched federal investment also fills the enormous demand for expertise to tackle rapid growth, change, and pressure on coastal resources.

Sea Grant is a national program addressing national needs. It is a partnership of and depends on partnerships among government, academia, business, industry, scientists, and private citizens to help Americans understand and wisely use our precious coastal waters and Great Lakes for enjoyment and long-term economic growth. This network unites 30 State Sea Grant programs, over 300 universities, and millions of people. Sea Grant is an agent for scientific discovery, technology transfer, economic growth, resource conservation, and public education. Study after study has shown that Sea Grant returns to the taxpayers many times its annual budget in goods and services. It is government as our citizens want it—visible, tangible, relevant, efficient, and effective.

SEA GRANT—INITIATIVES FOR FISCAL YEAR 2007

When adequately funded, Sea Grant can serve as the gateway to relevant and reliable scientific information used to address local, regional and Statewide resource management issues. Funding Sea Grant at the requested level will enable it to strategically invest in research and outreach programs targeted at important practical problems facing the Nation and address those problems with science-based solutions. Two initiatives for fiscal year 2007 demonstrate this objective.

Building Resilient Coastal Communities.—Coastal areas of the United States comprise only 10 percent of our Nation's land mass, yet they are home to more than 54 percent of Americans. As witnessed by the aftermath of Hurricanes Katrina, Rita, and Wilma, coastal communities and the natural resources and infrastructure

on which they depend are at increasing risk from hurricanes, tsunamis, coastal storms, shoreline change, and sea level rise. Sea Grant research and outreach provide coastal communities with the best available science-based information for sustainable community decision-making, coupled with the knowledge, experience and tools needed to bring diverse coastal interests together. The knowledge, programs and approaches developed by Sea Grant in one State or region can be applied broadly throughout the national network. The Sea Grant network will expand its efforts to improve coastal community leadership and planning capacities to jointly address economic, environmental and social issues. Our aim is to encourage and equip coastal communities to utilize long-term, integrated approaches to developing sustainable communities. This initiative would engage the research, education and outreach capabilities of Sea Grant's universities and partners to enhance mitigation, preparedness, planning, education, response, and recovery in coastal communities throughout the Nation.

Ensuring Safe and Sustainable Seafood for Americans.—The U.S. seafood industry faces many challenges and opportunities as it enters the 21st century. These include an increasingly competitive global marketplace, complex trade policies, stricter safety regulations, rising energy costs, food security concerns and an increasingly limited seafood supply. Change also brings new opportunities to expand markets, form strategic alliances and encourage innovations to lower production costs, create new products, add value to existing ones, increase safety and reduce waste. In this new seafood era, science and education are cornerstones for maintaining the vitality of the Nation's \$27 billion seafood industry (\$55 billion including consumer expenditures) and its 250,000-member workforce. To remain competitive, the industry must control the costs of catching, transporting, processing, storing, and distributing seafood. The U.S. seafood industry recognizes the benefits of innovation, but it is comprised of mostly small and medium-sized, independent enterprises that simply cannot afford research and development programs. Through its unique capabilities in research and technology transfer, the national Sea Grant network is poised to help the industry increase quality and safety, add value, lower costs and expand seafood supplies and markets.

SEA GRANT—SELECTED ACCOMPLISHMENTS

Aquaculture.—Sea Grant research and extension results have created the growth and development of fish farming in the United States. As a result, the growing of hybrid striped bass in ponds has expanded in just 10 years from a small demonstration project to an industry that produces 10 million pounds of fish valued at \$25 million annually. Sea Grant also developed a sterile oyster that can be grown year-round and that now comprises one-third of the \$86 million U.S. oyster market.

Coastal Hazards.—Based on Sea Grant recommendations, in 1986 the State of North Carolina implemented revisions in the State's hurricane resistant building code which increased the required minimum depth of foundation pilings for erosion prone coastal buildings. In 1996, Hurricane Fran was the first test of those standards. As a result, on Topsail Island, 200 of the 205 newer oceanfront houses built to the "Sea Grant" standards survived the hurricane with minimal foundation damage. In comparison, over 500 older oceanfront houses were destroyed in the same area.

Coastal Communities and Economies.—Much of the 32-mile river front along the Detroit River is bulkheaded and in disrepair thus requiring major revitalization investment. "Soft" engineering offered developers cost, maintenance and environmental advantages over traditional hard structures and promoting these advantages was necessary to meet river front renewal goals. Sea Grant has been extensively involved in this effort and chairs the Steering Committee for the Greater Detroit American Rivers Heritage initiative. As a result, Sea Grant sponsored conferences and workshops and published best management practice manuals which led General Motors to utilize less expensive "soft" engineering techniques in the development of its multi-million dollar, 32 mile long urban river promenade in the heart of Detroit, thus providing substantial savings to the project while simultaneously helping the environment.

Fisheries.—Sea Grant research has shown that visually modifying salmon gillnets and adjusting fishing schedules can reduce entanglements of seabirds. As a result, these findings, coupled with an observer program coordinated by Sea Grant, prevented the closure of the Puget Sound sockeye salmon fishery, saving hundreds of jobs and millions of dollars in the region's economy.

Ocean/Coastal Technology and Marine Biotechnology.—Sea Grant organized the first systematic research effort in the United States to develop new drugs from marine organisms. As a result, Sea Grant researchers have discovered and described

more than 1,000 compounds that may be vitally important as new anticancer, anti-inflammatory, and antibiotic agents.

Seafood Science and Safety.—To aid the seafood industry in meeting educational and training needs called for by new FDA regulations, Sea Grant spearheaded the formation of the “Seafood HACCP Alliance,” an intergovernmental agency partnership with industry and academia. As a result, the Alliance’s programs reached over 5,000 U.S. processing plants, and 6,000 importers and international suppliers with training on new seafood handling and processing techniques. In addition, it has been estimated that the program has prevented 20,000 to 60,000 seafood-related illnesses a year, thereby saving as much as \$115 million annually.

The SGA recognizes the subcommittee is facing an extremely constrained funding environment and must make difficult choices among many competing priorities. We urge you to consider Sea Grant has an investment in the future health and well being of our coastal communities and to support the program in line with this request.

Thank you for the opportunity to present these views.

Actual Start Date	Fiscal Year Funds Received	Amount	Match	Award No.	Grantor	Project Sub-Subtype
01/01/03	2003	\$706,474	\$282,308	NA030AR4170020	.....	Ballast Water Demonstration
01/01/03	2004	344,006	.....	NA96RG0501	.....	CERP
02/01/03	2003	38,000	.....	NA030AR4170022	NOAA	Krauss
02/01/03	2003	38,000	.....	NA030AR4170024	NOAA	Krauss
02/01/03	2003	2,621,762	1,469,954	NA16RG2207	NOAA	OMNIBUS
06/01/03	2003	31,667	6,333	NA17RG1375	NOAA	NMFS FELLOWSHIP
Total	.....	3,779,909	.....	.....	.....	.....
10/01/03	2004	70,774	.....	NSF-Seagrant-1	USMNSF	Vertically Integrated Partnership K-12
02/01/04	2005	38,000	.....	NA040AR4170008	NOAA	Krauss
02/01/04	2005	38,000	.....	NA040AR4170009	NOAA	Krauss
02/01/04	2004	38,000	.....	NA040AR4170010	NOAA	Krauss
02/01/04	2004	2,616,108	1,439,890	NA16RG2207	NOAA	OMNIBUS
05/01/04	2003	94,130	31,748	NA03NMF4570228	NOAA	Chesapeake Research Fellowship
09/01/04	2005	378,300	.....	NA040AR4170152	NOAA	Ballast Water Demonstration
Total	.....	3,273,312	.....	.....	.....	.....
10/01/04	2005	74,313	.....	NSF-Seagrant-1	USMNSF	Vertically Integrated Partnership K-12
02/01/05	2005	40,000	20,000	NA050AR4171035	NOAA	Krauss
02/01/05	2006	1,412,265	892,902	NA050AR4171042	NOAA	OMNIBUS
03/25/05	2003	10,000	.....	NA16RG2207	NOAA	OMNIBUS
05/01/05	2005	108,000	28,252	NA03NMF4570228	NOAA	Chesapeake Research Fellowship
06/01/05	2006	15,678	7,839	NA050AR4171042	NOAA	Fisheries
06/01/05	2006	107,472	56,468	NA050AR4171071	NOAA	ASR
06/01/05	2006	146,247	73,123	NA050AR4171107	NOAA	ASR
Total	.....	1,929,653	.....	.....	.....	.....
02/01/06	2006	1,407,800	942,098	NA050AR4171042	NOAA	OMNIBUS

PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM) is pleased to submit the following testimony on the fiscal year 2007 appropriation for the National Science Foundation (NSF). The ASM is the largest single life science organization with more than 43,000 members. The ASM mission is to enhance the science of microbiology, to gain a better understanding of life processes, and to promote the application of this knowledge for improved health and for economic and environmental well-being.

The NSF plays a critical role in ensuring the health of the Nation's research and education system, the principal source of new ideas and human resources in science and engineering. The NSF is the funding source for approximately 20 percent of all federally supported basic research conducted by U.S. colleges and universities. The NSF's broad support to U.S. academic institutions provides not only a key source of funds for basic discoveries across disciplinary fields, but also prepares students for the science and engineering workforce. The NSF is the primary federal agency charged with promoting science and engineering education at all levels and in all settings, from pre-kindergarten through career development. This educational effort helps to ensure that the United States has world-class scientists, mathematicians, and engineers.

The ASM strongly supports the administration's request of \$6.02 billion in fiscal year 2007 for the NSF, an increase of 7.9 percent over fiscal year 2006. The NSF is one of the three key agencies in the President's American Competitiveness Initiative (ACI), which plans to double investment over a 10-year period in key federal agencies that support basic research programs emphasizing physical sciences and engineering. The NSF funding request of \$6.02 billion is expected to support about 500 more research grants in 2007 and an estimated 6,400 additional scientists, students, and postdoctoral fellows.

The ASM would like to provide the following comments and recommendations on specific programs of interest and concern within the NSF budget.

BIOLOGICAL SCIENCES DIRECTORATE

The NSF Directorate for Biological Sciences (BIO) provides critical support for a broad array of biological sciences, particularly in areas such as environmental biology and plant sciences. BIO provides 66 percent of all federal support for non-medical biological research at academic institutions. Research programs range from the study of the structure and dynamics of biological molecules, such as proteins and nucleic acids, through cells, organs, and intact organisms to studies of populations and ecosystems. It encompasses processes that are internal to particular organisms as well as those that are external, and includes temporal frameworks ranging from immediate measurements through life spans of mere minutes for some microorganisms to the full scope of evolutionary time.

Basic research in the biosciences is key to understanding the living world from molecules to organisms to ecosystems, providing discoveries applicable to meeting health, environmental, agricultural, and energy needs. The fiscal year 2007 budget request for the BIO directorate is \$607.9 million, an increase of \$31.6 million, or 5.4 percent, over the fiscal year 2006 level. This increase will allow BIO to award about 95 more research grants in fiscal year 2007 with an estimated funding rate of approximately 18 percent.

BIO MOLECULAR AND CELLULAR BIOSCIENCES: MICROBIAL BIOLOGY RESEARCH

The Molecular and Cellular Biosciences (MCB) Division within the Biological Sciences Directorate of the NSF includes research activities in microbiology that were transferred to the Emerging Frontiers subactivity for a new emphasis in Microbial Biology in fiscal year 2006. The Microbial Observatories/Microbial Interactions and Processes program (MO/MIP) has been returned to MCB for fiscal year 2007. The ASM has received unsolicited comments about the transfer of the MO/MIP and its budgetary consequences from more than 100 individuals representing more than 40 institutions. The ASM would like to express its strong support for the MO/MIP program, and recommends Congress fund the program at \$10 million, to allow for important research initiatives.

The MO/MIP was recently housed in Emerging Frontiers in recognition of the need for a distinct emphasis on microbial biology research that cannot be supported adequately in other programs. Transfer of the MO/MIP from Emerging Frontiers to the Division of Molecular and Cellular Biosciences (MCB) raises questions about the NSF's intentions regarding the future of this program.

The ASM is concerned about the MO/MIP, since the pace of astounding discoveries in microbial biology has been increasing through applications of genomics and

metagenomics. The MO/MIP program has been exemplary in achieving its goals. It supports research, training and outreach that are helping to define the future of microbiology and interdisciplinary efforts involving microbes. The MO/MIP is thriving and deserves expanded support and long-term commitments from NSF. Such commitments should be reflected in the 7.9 percent increase in the NSF's budget request to Congress, which includes a 5.4 percent increase for the Biological Sciences Directorate.

BIO EMERGING FRONTIERS PROGRAMS

The budget request for the Emerging Frontiers (EF) subactivity for fiscal year 2007 is for \$99.16 million, an increase of about 23 percent over fiscal year 2006. This increase is partly the result of the transfer of support for all BIO centers for centralization at the EF, including the two current centers, and two new centers expected to start in fiscal year 2007. With the proposed transfer of the MO/MIP program to the MCB, just two microbial related programs are left within the EF, the Microbial Genome Sequencing Program and Ecology of Infectious Diseases.

The Microbial Genome Sequencing program is to be conducted jointly with a competitive grants program in the U.S. Department of Agriculture, while the Ecology of Infectious Diseases is an interagency partnership with the National Institutes of Health (NIH) to support the development of predictive models and discovery of principles for relationships between environmental factors and transmission of infectious agents. Potential benefits include the development of disease transmission models, understanding the unintended health effects of environmental change, and improved prediction of disease outbreaks, including the emergence or reemergence of disease agents. Examples of environmental factors include habitat transformation, biological invasion, biodiversity loss, and contamination. The ASM is concerned that these programs are being transferred out of an EF priority area and have level funding proposed for fiscal year 2007.

BIO DIVISION OF ENVIRONMENTAL BIOLOGY

The Division of Environmental Biology (DEB) priorities for fiscal year 2007 are represented by four clusters focused on studies to accelerate the rate of discovery of new species, address the genealogical relationships of plants, animals, fungi, and microbes; illuminate the spatial and temporal dynamics of species interactions; discover the principles or rules by which species are assembled into functional communities and change through time; and determine the flux of energy and materials through ecosystems. The core research within the DEB will increase by \$6.32 million due to the transfer of responsibility for funding the National Center for Ecological Analysis and Synthesis to Emerging Frontiers.

The DEB also supports the Long-Term Ecological Research (LTER) program, a network of 26 comprehensive research sites located in areas that broadly represent the global range of natural, agricultural, and urban ecosystems. Support for the LTER program is requested to increase by \$1.12 million in fiscal year 2007, for a total of \$19.6 million.

The ASM supports the fiscal year 2007 budget request for the DEB of \$109.6 million, an increase of 2.7 percent over fiscal year 2006.

BIO NATIONAL NANOTECHNOLOGY INITIATIVE

The National Nanotechnology Initiative (NNI) encompasses the systematic organization, manipulation, and control of matter at the atomic, molecular, and supramolecular levels. With the capacity to manipulate matter at the nanometer scale (one-billionth of a meter), science, engineering, and technology are realizing revolutionary advances in areas, such as, individualized pharmaceuticals, new drug delivery systems, more resilient materials and fabrics, catalysts for industry, and computer chips. The NSF has been a pioneer among federal agencies in fostering the development of nanoscale science. The ASM supports the administration's fiscal year 2007 request of \$52.55 million for the NNI within BIO, a 7.2 percent increase over fiscal year 2006.

NATIONAL ECOLOGICAL OBSERVATORY NETWORK

The fiscal year 2007 budget request for the National Ecological Observatory Network (NEON) throughout NSF is \$24 million, an increase of \$18 million over fiscal year 2006. NEON has the potential to transform ecological research. The NEON program calls for developing a continental-scale research instrument consisting of geographically distributed infrastructure that will be networked via state-of-the-art communications to obtain a predictive understanding of the Nation's environment.

A very large number of scientists, students, resource managers, and decision makers could make use of NEON data, both directly and indirectly, through the network capabilities and the internet. The ASM supports the administration's fiscal year 2007 request of \$24 million for NEON.

The \$24 million includes: \$6 million within the Biological Infrastructure division of BIO to continue implementation planning; \$6 million within the Emerging Frontiers division for sensor array research and development; and \$12 million within the Major Research Equipment and Facilities Construction (MRE&FC) account at the NSF to assemble and evaluate the NEON fundamental technology unit (BioMesoNet, sensor micronets, and enabling cyberinfrastructure) that will be deployed.

GEOSCIENCES DIRECTORATE

The fiscal year 2007 request proposes restructuring the Geosciences Directorate (GEO) to include a new subactivity, Innovative and Collaborative Education and Research (ICER), which will support multidisciplinary research and education activities that were previously done through the Atmospheric Sciences (ATM), Earth Sciences (EAR), and Ocean Sciences (OCE). The new ICER subactivity priorities include Ecology of Infectious Diseases, in partnership with the BIO directorate and the NIH. Additionally, the EAR and the OCE support other important microbiological research related to the Earth's diverse ecological systems and climate change. The ASM urges Congress to support the administrations' request of \$744.9 million for GEO in fiscal year 2007, a 6 percent increase over fiscal year 2006.

ENGINEERING DIRECTORATE

The fiscal year 2007 request proposes restructuring the Engineering Directorate. The ASM has traditionally supported research conducted through the Bioengineering and Environmental Systems (BES) division. The proposed restructuring would combine the BES division with the Chemical and Transport Systems (CTS) division to become the Chemical, Bioengineering, Environmental and Transport Systems (CBET) division. In fiscal year 2006, BES was funded at \$52 million and CTS at \$70.8 million, for a total of \$122.8 million. The fiscal year 2007 request proposes increasing funding for CBET to \$124.44.

The CBET will play a vital role in supporting research, innovation, and education in the rapidly evolving fields of bioengineering and environmental engineering. Including research on microbial fuel cells, liquid biofuels, and biohydrogen, as well as exploratory research in nanobiotechnology. The ASM recommends Congress support the increased funding for the CBET to foster technological innovations that will advance the global competitiveness of our industries and the health of our environment.

CONCLUSION

The NSF plays a key role in supporting basic science in the United States. Knowledge gained from the NSF studies directly benefits industry and contributes to the economy and U.S. international competitiveness. There is a growing synergy among the biological, physical and social sciences, and U.S. investment in science and technology should support all science.

The NSF is in a singular position among all the federal research and development agencies to support fundamental research in a wide range of important areas, including microbiology and molecular biology. The ASM urges Congress to support the administration's request of \$6.02 billion for the NSF in fiscal year 2007. The ASM believes the NSF should continue to emphasize fundamental, investigator-initiated research, research training, and science education as its highest priorities.

The ASM appreciates the opportunity to provide written testimony and would be pleased to assist the subcommittee as it considers its appropriation for the NSF for fiscal year 2007.

PREPARED STATEMENT OF THE COALITION OF EPSCoR/IDEA STATES

Mr. Chairman: My name is Royce Engstrom. I am a Provost and Vice President for Academic Affairs at the University of South Dakota and a member of the South Dakota EPSCoR Statewide Committee, the governing body that oversees EPSCoR

activities in South Dakota. I submit this testimony on behalf of the 25 States,¹ the U.S. Virgin Islands, and the Commonwealth of Puerto Rico that participate in the federal EPSCoR program and the Coalition of EPSCoR/IDeA States. I have the honor of serving as the chair of the Board of the Coalition of EPSCoR/IDeA States.

As most of you know, the Experimental Program to Stimulate Competitive Research (EPSCoR) was established at the National Science Foundation (NSF) in 1979 to assist those States that historically had not fully participated in the federal research and development (R&D) enterprise. Historically, these States were less competitive than others throughout the Nation for a variety of reasons—some tended to be rural and geographically isolated; others tended to be among the States with large numbers of students who were under-represented minorities or disadvantaged economically; and some were States that traditionally invested more heavily in an agriculture and natural resource research base than technological endeavors. For these reasons, EPSCoR States did not benefit from the large federal institutional development investments made to universities and colleges as part of a national effort to broaden and strengthen the U.S. public university system and its R&D capability. Consequently, today, all the institutions in these States—half of the States—receive less than 10 percent of all NSF and all federal R&D funding. Otherwise, we are ignoring a large reservoir of talent and expertise that are necessary for our country to remain competitive in the world.

Helping these 25 States grow to be more competitive has become more important in recent years in order to overcome the concentration of federal R&D funding in a few States and institutions, and to create a broader research community throughout the Nation. Today, all States should be full participants in federal R&D efforts and federal R&D support should be available to qualified students and researchers wherever they are.

The EPSCoR program started at NSF with five States. It grew to its current number of 25 States and two territories as more States, the Congress, and the research field came to realize the need to raise the science and technology (S&T) research capabilities to new levels, and as new States realized the value of a program that emphasized research infrastructure and capacity building.

The EPSCoR program remained a very small program for the first half of its life. Its budget, federal-wide, was only \$8 million in 1990 for all the States. It has only been since the mid-1990's that we have seen real increases in funding and the extension of the program to agencies outside of the NSF. For those of us in the EPSCoR States, these have been welcome advances but we also understand that they have been extremely modest in comparison to the overall increases in total federal R&D funding and to increases currently being contemplated for NSF and DOE's Office of Science. We also know that, as in other States, much of the recent increase has been focused on the life sciences, as opposed to the physical sciences and engineering. This is true, despite the fact that many EPSCoR institutions have strong engineering programs. During the 1990's, EPSCoR grew rapidly, expanding from 5 States to 25 States and 2 territories as Congress recognized that EPSCoR funding was successfully building S&T research infrastructure in higher education institutions in a fashion that contributed to the wealth creation process in the initial group of EPSCoR jurisdictions. Congress also expanded the program into six new agencies; the Departments of: Agriculture, Defense, Energy, the National Institutes of Health (NIH), the Environmental Protection Agency (EPA), and the National Aeronautics and Space Administration (NASA). These seven Federal departments and agencies now have EPSCoR-like programs that focus on building academic research infrastructure that will ultimately contribute to the economies of EPSCoR jurisdictions in the 21st century in similar ways to how agriculture, mining, and forestry contributed to the economies in the 19th and early 20th centuries.

Let me provide an example of how the federal agencies are able to accomplish the mission of building research infrastructure and improving the competitiveness of our university researchers. At the National Science Foundation, the "center piece" of the EPSCoR effort is the Research Infrastructure Improvement (RII) awards. The awards establish a Federal-State partnership, which is most clearly seen in the composition of the State Steering Committees, or EPSCoR State committees. Typically, senior university officials, representatives of State government (both legislative and executive branches), and local business officials come together and develop a S&T plan for their State that focuses on a few selected areas where researchers can become competitive for funding in federal, non-profit, or industrial competitions. The

¹ Alabama, Alaska, Arkansas, Delaware, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, West Virginia, and Wyoming.

focus areas are selected because of inherent scientific quality, able faculty, and because of the likelihood of potential benefit to the States' citizenry. As a result, EPSCoR States have entered into high-tech computing, bio-medical research, and nanotechnology. The State EPSCoR "team" then submits a RII proposal to NSF for funding support in these areas.

The RII's are not an end unto themselves. Every researcher who is supported under the NSF RII's is expected to apply to one of the regular S&T programs at NSF or one of the other federal R&D funding agencies before the RII award is completed. The track record of these researchers over time has been remarkable. Recently, NSF released statistics showing that since 1998 (which was the first year that NSF issued RII awards) EPSCoR States accounted for 9 of the 10 U.S. States with the greatest increase in science and engineering funding. This success has occurred in areas where EPSCoR institutions had not previously been competitive. For example, for the first time, EPSCoR institutions have used RII funding as a base to successfully compete for large-scale awards like the Engineering Research Centers and Materials Research Science and Engineering, Integrative Graduate Education and Research Traineeship Program.

At NIH and other agencies with EPSCoR-like programs, EPSCoR researchers are building on research infrastructure grants to compete for funding that not only advances academic science and technology, but serves the mission of these agencies in the areas of defense, environment, health, and agriculture. EPSCoR researchers are becoming increasingly adept at spinning off academic research into small companies. EPSCoR States are becoming more competitive for Small Business Innovative Research (SBIR) awards. SBIR awards have great potential to produce not just companies but high paying jobs for our States' youth.

Many EPSCoR institutions are now actively engaged in issues related to homeland security. For example, some of our institutions are carrying out research that improves the safety of food products as they move from the field to grocery store. Other institutions are engaged in defense issues that relate to improving communication for troops in the field during combat. Still others are addressing issues related to transportation. All of these examples are intended to demonstrate that the initial federal investment in building the research capabilities of our universities through EPSCoR and EPSCoR-like programs has had a profound impact beyond our campuses.

I will now provide some specific cases, which emphasize the importance of this program to South Dakota and other EPSCoR States. The South Dakota EPSCoR REACH Committee manages the development and implementation of Statewide science, engineering and mathematics research, education, and related programs. It enhances the research and intellectual capacity of South Dakota universities and colleges by building and coordinating strategic investments in human capital and physical infrastructures necessary for South Dakota to develop the capacity to make the State more competitive in research and economic development, nationally and internationally.

South Dakota has benefited tremendously from the EPSCoR program. For example, using EPSCoR as a catalyst, we have developed four major research centers that form the core of Governor Mike Rounds "2010 Initiative." The centers are in the areas of nanotechnology, light-activated materials, biomedical signal transduction, and vaccinology. The progress made by investigators in these areas, supported in significant ways by EPSCoR, has resulted in an additional \$20 million investment on the part of the State. In addition, in the last 2 years, we have initiated seven new Ph.D. programs to help educate future scientists for South Dakota. The clear recognition of the connection between research and economic development has been made in South Dakota, and the sustained support by EPSCoR has been absolutely key to that connection.

EPSCoR-funded science and technology dividends to South Dakota reflect an understanding that investments in infrastructure are needed for South Dakota to compete in a knowledge-based economy. Without State support, South Dakota EPSCoR would not be able to participate in most federal EPSCoR initiatives. Several of the federal programs have required a "State match".

The South Dakota EPSCoR program has many unique features to enhance cooperation between our universities. In addition to supporting individual research projects, the program funds faculty and student exchange programs, provides interdisciplinary planning grants for cooperative scientific ventures among our universities; and offers undergraduate summer research fellowships.

We are delighted to stress that EPSCoR has had a positive influence on State economic development well beyond what was initially conceived for the program. As a focal point for technological and scientific improvement across the State, EPSCoR identified areas of priority for funding and helped to draft South Dakota's strategic

plan for scientific and technological development. In addition to the growth in basic research, we have seen a substantial increase in SBIR activity, to the point that the State has established two new offices: a system-wide Vice President for Research, and a State Commercialization Director, whose job it is to help transfer ideas from the universities to the private sector.

Within each States' EPSCoR program, efforts continue to identify: (1) high potential research areas in which to concentrate limited State resources and (2) barriers that must be removed to attain nationally competitive science and engineering research and education programs. A critical need for EPSCoR States is to overcome a lack of critical mass (i.e. too few faculty in a given area of research) by collaborating inside the State and with outside partners.

NSF EPSCoR is helping us ensure, through its Research Infrastructure Improvement (RII) awards and co-funding, that our States have an opportunity to develop these new fields. This is vitally important to the economy of each of our States and especially to our young people who live therein. Despite increased mobility, the vast majority of students still attend college within 100 miles of home. EPSCoR helps to guarantee that students and residents of all States have the access to high-quality education, front-line research, and the quality of life and jobs that comes with an active and competitive R&D base.

Again, the cornerstone of the NSF EPSCoR program are the Research Infrastructure Improvement awards (RIIs). These awards focus on South Dakota's competitive academic science and technology base. The RIIs strengthen South Dakota's ability to compete favorably for mainstream program funds at the NSF, other agencies and for private sector dollars.

Consequently, we urge the subcommittee to continue support for EPSCoR by appropriating \$125 million in fiscal year 2007 funding for the NSF EPSCoR core program in the NSF Education and Human Resources Directorate. This funding will: (1) allow the NSF EPSCoR program to implement its expanded core RII program to continue building our infrastructure and expertise in areas of scientific importance to the States and Nation; and (2) increase co-funding and assistance to our States so that the number of scientists and engineers in the EPSCoR States and universities that receive competitive federal R&D support continues to grow.

For the NASA EPSCoR program, we are requesting \$15 million. There are currently two components to the NASA EPSCoR program: core grants and research cluster awards. A core-funding award is made to each eligible State to develop a program, secure collaborations with NASA centers and programs and cover related administrative expenses. The remaining funds have been granted to the eligible States to support specific, competitively selected research clusters. The intent is for these clusters to develop an infrastructure in key NASA related research areas within the State, which will then be competitive for other NASA funding. NASA is currently planning its next round of awards and will be allowing all 27 NSF EPSCoR jurisdictions (as opposed to 23 currently eligible NASA EPSCoR States) to submit. We know that NASA had more meritorious proposals than it could fund during the last competition and we believe that there are even more qualified proposals to be submitted pursuant to the next solicitation, even without the addition of new States.

On behalf of the Coalition of EPSCoR/IDeA States, please know that the relatively modest NSF investment in EPSCoR plays a unique role in developing a truly nationwide science and technology capability. A strong EPSCoR is a sound investment for our Nation's future.

DISCLOSURE OF AMOUNT AND SOURCE OF FEDERAL GRANTS (FISCAL YEAR 2003, FISCAL YEAR 2004 AND FISCAL YEAR 2005) OF DR. ROYCE C. ENGSTROM, UNIVERSITY OF SOUTH DAKOTA

Dr. Engstrom has participated in the following federally-funded projects during the fiscal years 2003–2005:

REU Site: Excavation and Reconstruction of a Northern Plains Bison Kill Site, National Science Foundation, 2002–2005, \$155,778. This project was an interdisciplinary undergraduate research project focusing on anthropology. (Co-Principal Investigator)

Statewide Partnership to Support Technology Innovation and Entrepreneurship in South Dakota, National Science Foundation, 2002–2005, \$598,247. (Co-Principal Investigator)

EPSCoR Centers Development Initiative (CDI), National Science Foundation, 2001–2004, \$1,713,836. This project was aimed at providing technical assistance to EPSCoR States in their efforts at building nationally competitive research centers.

South Dakota EPSCoR Rushmore Initiative for Excellence in Research, National Science Foundation EPSCoR, 2001–2004, \$2,293,628 (USD portion). This project was the Research Infrastructure Initiative for South Dakota’s EPSCoR program. (Co-Project Director)

REU Site: Tracing the Lewis and Clark Expedition, National Science Foundation, 2001–2004, \$173,605. This was an interdisciplinary undergraduate research program at the University of South Dakota. (Co-Principal Investigator)

PREPARED STATEMENT OF THE NATIONAL SPACE GRANT ALLIANCE

INTRODUCTION

Mr. Chairman and distinguished members of the subcommittee, thank you for allowing me to provide testimony on behalf of the National Space Grant Alliance (NSGA) as you consider funding priorities relevant to the fiscal year 2007 Commerce, Justice and Science Related Agencies appropriations bill. I am Mary Sandy, Virginia Space Grant Director.

Today, I speak to you in support of NASA’s National Space Grant College and Fellowship Program (Space Grant). In an effort to bring national coherence to our efforts, the Space Grant Directors formed the National Space Grant Alliance (NSGA). NSGA is a non-profit national organization that is working to: (a) galvanize support and enthusiasm for aerospace research and education; (b) ensure that Space Grant has an appropriate level of financial and programmatic support; and (c) align Space Grant’s education, research, and workforce development activities with NASA’s mission to “inspire the next generation of explorers—as only NASA can.” Comprised of 52 Space Grant consortia including 867 affiliates—located in every State of the country, the District of Columbia, and the Commonwealth of Puerto Rico—the NSGA requests that you approve the President’s fiscal year 2007 request of \$28.76 million for Space Grant with the following language: The committee has included the budget request of \$28,760,000 for the National Space Grant College and Fellowship program. The amount provided will fund 35 States at \$615,250 each and 17 States at \$425,000. We believe that funding the Space Grant program at \$28.76 million and including the requested language will allow the Space Grant program to move forward and will encourage the rapid allocation of funds to the individual Space Grant consortia so that they can efficiently plan and implement their State programs.

BACKGROUND

Congress established the National Space Grant College and Fellowship program under Title II of the NASA Authorization Act of 1988. Through a national network of colleges, universities, and affiliates, Space Grant supports and enhances science and engineering education, research and outreach programs through three major components: (1) Education and Workforce Development; (2) Public Understanding and Participation in NASA-related Science and Technology Programs; and (3) Research Enhancement Programs.

—*Education and Workforce Development.*—Space Grant programs substantially contribute to creating a diverse, scientifically literate and prepared workforce. Its programs encourage and help prepare students to enter science, mathematics and engineering careers, by offering “hands-on” learning with aerospace technology. Space Grant has been particularly successful in recruiting and training students from underrepresented groups and women.

—*Public Understanding and Participation in Aerospace-Related Science and Technology Programs.*—Space Grant consortia provide a wide array of public outreach programs that reach citizens of all ages: Space Grant supports more than 400 public outreach programs reaching over 3 million people each year.

—*Research Enhancement Programs.*—The development of a strong research base and infrastructure is critical to securing U.S. world leadership in science and technology. In addition to improving the quality of education, Space Grant is dedicated to strengthening research capability, and integrating this research with education and human resource development.

SPACE GRANT AND ITS VALUE TO THE NATION

The 52 university-based Space Grant consortia:

—Support over 1,915 undergraduate and 632 graduate students in practical education and research experiences in aerospace science and engineering, and related fields. In fiscal year 2003, we awarded \$9.5 million in scholarships and

fellowships to students—22 percent of whom are minority, and 44 percent are women.

- Infuse NASA space exploration and technology goals, knowledge, and materials into the education experiences of over 1.3 million K–12 students and teachers.
- Reach over 3.5 million people annually through public outreach and awareness campaigns emphasizing the importance of aerospace science, the excitement of space exploration and discovery and its contribution to the Nation's scientific knowledge base and our economy.

To give you a better picture of Space Grant, I'd like to tell you a little about the Virginia Space Grant Consortium, where I am the director, and cite a few of our accomplishments.

VIRGINIA SPACE GRANT CONSORTIUM

The Virginia Space Grant Consortium (VSGC) is a coalition of five Virginia colleges and universities, two NASA centers, State education agencies, Virginia's Center for Innovative Technology, and other institutions and informal science centers, representing diverse aerospace education and research interests. The Consortium acts as an umbrella organization, coordinating and developing quality aerospace-related, high technology, educational applications and research efforts throughout the Commonwealth as well as regionally and nationally for some efforts. We are committed to promoting and achieving excellence in education and research in science, mathematics, technology and engineering at all levels in Virginia. The Consortium also seeks to encourage student and faculty diversity in these fields and to foster scientifically and technologically literate citizens. The Consortium received its Space Grant designation in 1989. It is a mature organization that is well established in the State with strong programs in all of the Space Grant program areas.

The VSGC is a highly leveraged program. In recent years, each Space Grant dollar has been leveraged by about \$6 in cash and in-kind contributions from other sources. Programs and interactions with NASA centers have grown to include all NASA centers. State networks have vastly expanded.

In the program's recent 5-year evaluation period, VSGC Higher Education programs impacted 1,494 individuals, primarily undergraduate students, but graduate students and faculty as well. Implementation of two industry internship programs involved 52 undergraduate students and more than 36 industries and garnered strong State and industry funding. The VSGC-managed NASA Undergraduate Student Research program placed 622 students in summer or fall internships at all NASA centers, Los Alamos National Laboratory and National Renewable Energy Lab.

In the Research and Technology Applications arena, VSGC has generated sufficient funding to develop and maintain a full-time Research Programs Manager. Research missions, applications and infrastructure programs have grown exponentially from \$28,871 in 1998 to \$429,766 in 2002. The additional funding secured from grants and contracts for new projects with members and partners permitted a total of 41 programs involving 3,359 participants in this time frame. Participation of NASA Langley Research Center and NASA's Goddard/Wallops Flight Facility Consortium members has opened doors to new collaborative ventures that are mutually beneficial. The VSGC is one of 14 Space Grant programs which have developed a partnership with Cooperative Extension and established a geospatial extension specialist. The Virginia Space Grant Geospatial Extension program is serving as a hub for terrific synergy among Cooperative Extension, universities, community colleges, Sea Grant, State natural resource agencies and other partners. Virginia Tech, VSGC, Cooperative Extension and Virginia Access-Mid-Atlantic Geographic Information Consortium, a NASA-Stennis funded partnership, are contributing resources to extend the reach of this program in ways that are already making a difference in the Commonwealth for Extension Agent training, workforce development programs with community colleges, networking and sharing of information, data tools, and other resources.

Pre-college programs engaging over 75,000 educators over the past 7 years. All are carefully aligned with State standards of learning in math, science and technology. The Virginia Department of Education is a VSGC member and key partner that has helped us to reach out to all Virginia school divisions with our professional development programs, including OVERspace, our professional development program for teachers in how to use GPS and GIS as teaching and learning tools, and our Space Science workshops and materials dissemination for teachers of learning disabled as well as blind and low vision students. We are particularly pleased with the six-series Journey Into Cyberspace distance-learning program for middle school career exploration produced in partnership with Old Dominion University and

NASA. Nearly 3,000 students nationwide participated in six grade-related challenges in the 2005 competition in the NASA Student Involvement program which we co-managed on behalf of the National Space Grant Foundation prior to NASA's ending the program and which engages every state Space Grant program.

Public and informal educational programming, often undertaken with museum members, included StarDate sponsorships at six Virginia radio stations throughout the Commonwealth, co-sponsorship of a Native American Sky Legends planetarium program for national distribution, and a range of museum programming. Over the latest 5-year evaluation period, 47 programs in this arena reached 373,829 participants.

Impact/Results: The VSGC's extensive networks into member institutions at all levels, as well as extended State, Federal, industry and non-profit networks, are crucial to the Consortium's success. The Consortium's openness to collaborative partnerships together with its willingness to serve as the facilitating element and often to provide the administrative component has helped to engineer projects for success. The flexibility offered by our organizational and fiscal structure helps us to create and take advantage of opportunities that arise. Success in securing grants, contracts and other external funding, together with strong leveraging of financial, human and material resources is also an element in the successful accomplishment of our goals.

FISCAL YEAR 2007 REQUEST FOR SPACE GRANT—\$28.76 MILLION

Clearly, we are very busy in our Space Grant consortia and very proud of what we are able to do but we know that there is much more that we can do that is very important to science education in this country and to maintaining the pipeline of highly qualified scientists and engineers for our high technology industries to ensure U.S. global competitiveness.

How \$28.76 million will be utilized:

- Strengthen the national network structure by raising the level of annual funding at 35 States to \$615,250 and 17 States to \$425,000.
- Maintain existing network of S&Es—located in 50 States, Puerto Rico and the Virgin Islands and comprised of 800 universities, colleges, and private industries.
- Continue and strengthen the undergraduate and graduate STEM education programs for talented American youth to pursue careers in NASA related disciplines by:
- Attract and retain students in STEM disciplines through a progression of educational opportunities for students, teachers, and faculty.
- Build the NASA and aerospace industry workforce in order to meet NASA's strategic goals.
- Build strategic partnerships and linkages between STEM formal and informal education providers.

Results of increased funding in fiscal year 2006:

- Dramatic increase and linkage of undergraduate and graduate students to NASA research and exploration initiatives at NASA field centers.
- Increased research experiences for undergraduates by maintaining and expanding the Student Satellite Initiative and young faculty research development.
- Sustained K-12 programs and links to new Code N Initiatives by providing training workshops and after-school programs to assist faculty and teachers and to attract and motivate students into relevant career tracks.

Taken together, these activities help to promote workforce development and help support NASA and Congress' goal to address the national "brain drain" in the aerospace science and engineering workforce. NASA, through its National Space Grant consortia/network and affiliate programs, can effectively encourage and improve the possibility for students to pursue careers in aerospace science and technology fields.

SUMMARY

In summary, Space Grant has achieved what most other science agencies have not.

- Created a national network that fosters strong partnerships among university faculty, colleges of education, K-12 and business communities in the States.
- Mobilized and immersed Science and Technology faculty in education initiatives.
- Highly utilized and highly leveraged NASA resources to inspire and motivate the next generation of explorers.

Space Grant is delivering a remarkable number of high quality educational experiences for a very small NASA investment. Space Grant is a sound investment in America's future and should be expanded.

PREPARED STATEMENT OF ASSEMBLYMAN SAM BLAKESLEE, ASSEMBLYMEMBER, 33RD DISTRICT, CALIFORNIA LEGISLATURE

Mr. Chairman and honorable members of the subcommittee: I appreciate the opportunity to present this testimony in support of an appropriation of \$1.5 million from NOAA's Coastal and Estuarine Land Conservation Program for Piedras Blancas in California.

Nestled among lush rolling hills shadowed by ancient volcanic peaks, San Luis Obispo County offers residents and visitors a welcome respite from crowded urban areas. The northwestern part of the county is often referred to as the "Southern Gateway to Big Sur," and it is here that the famous Hearst Ranch is located adjacent to Los Padres National Forest. Covering 128 square miles, including 18 miles of coastline, the ranch was originally known as Rancho Piedra Blanca, named for an offshore white rock outcropping. In 1865, Senator George Hearst purchased the property, and in 1919 his son, William Randolph Hearst, started construction of Hearst Castle. The ranch offers outstanding scenic vistas, including 19 beaches, and contains numerous creeks flowing into the Pacific Ocean. It is home to a wide variety of wildlife—including eagles, hawks, deer, coyote and steelhead trout—and plant life including grasslands, chaparral, oak woodlands and California poppies.

The Hearst Ranch Conservation Project, completed in early 2005, protects the entire historic ranch through voluntary conservation agreements and included the donation of 1,500 acres of land on the west side of Highway 1 to the State of California. Although this conservation agreement protects the scenic and rural character of this 18-mile stretch of coast, there remains one privately held parcel along the coast west of Highway 1, known as Piedras Blancas.

Located 1 mile north of the Piedras Blancas Lighthouse, this 20-acre parcel is available for acquisition in fiscal year 2007. Formerly the site of a 14-unit motel, coffee shop, gas station, and private residence, the property will be restored in large part to its natural state and made ready for State park acquisition. Funds from the Coastal and Estuarine Land Conservation program (CELCP) will be used to purchase 18 acres of the land for the coastal resources, and funding will be secured from other sources to potentially develop an interpretive center and low-cost accommodations, such as a hostel or campground, on the remaining 2 acres.

Public acquisition of the Piedras Blancas parcel offers a unique opportunity to enhance the Hearst Ranch Conservation Project by providing: (1) a permanent safe place for visitors to pull off the highway, park in the existing lot and access the coastal bluffs and beaches of the Hearst Coast; (2) the possibility of developing visitor serving facilities such as an interpretive center for the Hearst Coast and elephant seal, café, public restrooms and low-cost overnight accommodations due to its rare recreational zoning; and (3) these urgently needed public access and visitor serving benefits in an area of high demand due to its location just 7 miles north of the popular Hearst Castle, which receives over 1 million visitors per year. Additionally, the site offers the potential to develop guided hiking tours to the nearby Piedras Blancas Lighthouse and elephant seal rookery, as well as a second staging area for vehicular tours to the lighthouse.

The southern beach of the property is also home to dozens of elephant seals during the winter each year. The steep bluffs overlooking the beach offer a safe viewing area for visitors watching the elephant seals. Arroyo del Corral Creek drains into the ocean at this beach attracting birds and other wildlife to the freshwater resources.

While the shoreline along Hearst Ranch is mostly under State protection, much of it is still inaccessible. It may take as long as 5 years by State Parks to implement a public access plan for these coastal areas. In the meantime, Piedras Blancas will be a critically needed safe access point for the public to access trails along the bluffs and down to the beaches. Safe and easy public access and the potential for visitor facilities make Piedras Blancas a key acquisition for the California Department of Parks and Recreation. This project is the missing half-mile of coast for the California Coastal Trail on a 13-mile stretch of land that was recently made public as part of the Hearst Project. Piedras Blancas will provide a welcome respite to the hikers and bicyclists on the California Coastal Trail as well as to visitors who come by car on Highway 1.

Without permanent public protection, there is high risk that the property could be sold and developed privately as an exclusive resort given its hotel zoning, making the bluffs and beaches off-limits to the public and forever leaving a missing link in the Coastal Trail. The northern portion of the property is under natural heavy erosion pressure accelerated by piecemeal shoreline armoring of Highway 1 just north of the property. There is the further risk that a future buyer would seek to build a seawall on site to protect structures from erosion. A seawall would negatively im-

pact the property's coastal habitat in a designated area of the Monterey Bay National Marine Sanctuary.

In fiscal year 2006, Congress appropriated \$500,000 towards this conservation effort. A fiscal year 2007 appropriation of \$1.5 million from the Coastal and Estuarine Land Conservation program is the final funding needed for the California Department of Parks and Recreation to acquire and conserve this unique and vital property on the Pacific Coast. The California Coastal Conservancy has already pledged matching funds and ranked Piedras Blancas as the top CELCP priority in the State.

Thank you, Mr. Chairman, for your consideration of the appropriations request for this critical project in my district.

PREPARED STATEMENT OF THE AMERICAN INSTITUTE OF BIOLOGICAL SCIENCES

The American Institute of Biological Sciences encourages Congress to support the President's fiscal year 2007 budget request of \$6.02 billion for the National Science Foundation.

The administration's request reflects the recognition of the important role that fundamental, peer-reviewed scientific research plays in driving innovation, creating new economic opportunities, and addressing important societal challenges. The National Science Foundation Biological Sciences Directorate (BIO) is particularly important to basic biological research, the fields of study concerned with understanding how the natural world works. These research disciplines include botany, zoology, microbiology, ecology, basic molecular and cellular biology, systematics and taxonomy. Indeed, according to National Science Foundation data, more than 65 percent of fundamental biological research is funded by the foundation. Additionally, the National Science Foundation provides essential support for the development of research infrastructure (for example, natural science collections, cyber-infrastructure, field and marine stations, and the National Ecological Observatory Network) that is required to advance our understanding of biological and ecological systems.

We strongly support the President's fiscal year 2007 budget request, which would provide the BIO directorate with roughly \$607.8 million (a 5.4 percent increase). This funding would support important new research efforts in the areas of Molecular and Cellular Biosciences (\$111.2 million), Integrative Organismal Biology (\$100.7 million), Environmental Biology (\$109.6 million), Biological Infrastructure (\$85.9 million), and Plant Genome Research (\$101.2 million). The budget also reflects the need for synthesizing biological information from different fields. Thus, \$99.2 million is allocated for the cross discipline Emerging Frontiers program area.

The President's request includes \$24 million in funding for the National Ecological Observatory Network (NEON). Of the requested funding for NEON, \$12 million would come from the Major Research Equipment and Facilities Construction account and \$12 million would come from the BIO directorate. NEON will be the first national ecological measurement and observation system designed both to answer regional to continental scale scientific questions and to have the interdisciplinary participation necessary to achieve credible ecological forecasting and prediction. NEON is expected to transform the way we conduct science by enabling the integration of research and education from natural to human systems, and from genomes to the biosphere. Social scientists and educators have worked with ecologists and physical scientists to plan and design NEON. These research communities will all be able to participate in research only possible because of the construction of NEON.

The National Science Foundation plays an important role in science education, in both formal and informal environments. Whether through programs such as Research Experience for Undergraduates, GK-12 fellowships, or fellowships for graduate students and post-doctoral researchers, the National Science Foundation provides the resources needed to educate, recruit, and retain our next generation of scientists. National Science Foundation programs provide the support that makes it possible for practicing research scientists and college faculty to mentor and train budding researchers. National Science Foundation science education initiatives are unique and stimulate innovation in teaching and learning about science. The lessons learned and models developed through this research inform Department of Education and local school system programs.

Informal science, technology, engineering, and mathematics programs supported by the Education and Human Resources Directorate also warrant increased funding. Economic growth in the 21st century demands a scientifically aware and technically skilled workforce. Moreover, we live in a time when people are increasingly called upon to make informed decisions about technology and public policy grounded in science. To make informed decisions, citizens must continue to learn about science throughout their lives. Informal science education programs, whether through a

local natural history museum, marine laboratory or other venue, play a central role in educating the public about science. We encourage you to do all you can to support National Science Foundation formal and informal science education initiatives.

Thank you for your past efforts on behalf of the National Science Foundation and for your thoughtful consideration of this request. If you require additional information, please contact Robert Gropp at 202-628-1500.

PREPARED STATEMENT OF OCEANA

Dear Chairman Shelby, ranking member Mikulski, and other subcommittee members: On behalf of the more than 250,000 supporters of Oceana, an international, non-profit conservation organization devoted to protecting ocean waters and wildlife, I submit the following testimony on the fiscal year 2007 budget for the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce. Oceana urges the subcommittee to provide \$4.5 billion for NOAA in the fiscal year 2007 Commerce, Justice, Science, and Related Agencies appropriations bill. More specifically, we urge the subcommittee to fund the following critical ocean research and conservation programs at these recommended levels:

- \$52.0 million for fishery observer programs;
- \$5.0 million for the reducing bycatch initiative;
- \$12.3 million for the national undersea research program (NURP);
- \$82.0 million for marine mammal research and management;
- \$20.0 million for sea turtle research and management; and
- \$8.0 million for National Environmental Policy Act (NEPA) activities in fishery management.

NOAA is the Federal agency with primary responsibility for managing our Nation's coasts and oceans. It has a critical role in promoting sustainable coastal communities and a healthy economy. An investment of \$4.5 billion averages out to \$15 per person annually—a bargain for the fishery management, coral reef protection, undersea research, weather forecasting, nautical mapping, coastal zone management, and ocean education NOAA provides to the Nation.

We are greatly concerned about the impact of the administration's request for a \$227 million cut (–5.8 percent) to NOAA below existing funding levels. The National Marine Fisheries Service is targeted for an \$18 million cut (–2.6 percent) and the National Ocean Service is targeted for a \$99 million cut (–20.1 percent). These steep reductions do not match the recommendations of the Presidentially-appointed United States Commission on Ocean Policy's 2004 final report or the independent Pew Oceans Commission's 2003 report. The commissions emphasized the importance of taking immediate action to conserve ocean and coastal waters, wildlife, and habitats and called for substantial increases in our Nation's investments for ocean research, conservation, and management. We hope you will follow the commissions' advice and strengthen our Nation's commitment to sustainable oceans and coasts. As a significant first step, we urge you to increase funding for the important NOAA programs and activities described below.

Fishery Observer Programs—\$52.0 million.—Oceana recommends that the fiscal year 2007 budget provide \$52.0 million for more effective national and regional observer programs. The information gathered by observers helps track how many fish, marine mammals, sea turtles, sea birds, and other ocean wildlife are caught directly and as bycatch, thereby improving management of our fish populations. According to NMFS, observers are currently deployed to collect fishery dependent data in less than 40 of the Nation's 300 fisheries. Existing coverage levels for many of the fisheries with observers are inadequate. In its final report, the U.S. Commission on Ocean Policy concluded that "accurate, reliable science is critical to the successful management of fisheries" and endorsed the use of observers as key to bycatch reduction efforts.

In recent weeks, the National Marine Fisheries Service announced crippling cuts to the Northeast Fishery Observer program. The number of observers will be reduced from 120 to 25. The number of observer "days at sea" will be slashed from 10,000 in 2005 to approximately 5,000 in 2006. Secretary of Commerce Carlos Gutierrez proposed an emergency rule on March 3 to further restrict New England's groundfish fishery due to last year's stock assessments showing several overfished groundfish populations are continuing to decline. It is obvious more science is needed to monitor New England's fisheries and help spur recovery of fisheries and coastal communities; therefore more observers are required, not less.

Specifically, Oceana recommends \$9.0 million for the national observer program; \$20.0 million for the Northeast observer program; \$7.5 million for the Atlantic Coast observer program; \$5.0 million to establish a Gulf of Mexico/South Atlantic reef fish

observer program and monitor the shark fisheries. We recommend funding other regional fishery observer programs at the administration's request.

Bycatch Reduction—\$5.0 million.—One of the primary issues threatening the future of our fisheries is the catch and subsequent death or injury of unwanted fish and ocean life. Prominent fishery scientists recently completed a thorough examination of fish data and concluded that more than 1 million metric tons of fish and invertebrate bycatch are caught by U.S. commercial fishermen; this bycatch is 28 percent of the total catch. In past years, Congress has provided additional resources to help address bycatch by researching technical solutions, improving outreach, and promoting international improvements in fishing practices. We strongly encourage the subcommittee fund this initiative at \$5.0 million to accelerate bycatch reduction efforts.

National Undersea Research Program—\$12.3 million.—NOAA's Undersea Research program serves the Nation by providing marine scientists with the tools, such as submersibles, remotely operated or autonomous underwater vehicles, mixed gas diving gear, underwater laboratories and observatories, to conduct important research that can help other ocean managers and users. The program helps locate and map areas of deep sea corals that are important for many fish and wildlife populations. Funding in fiscal year 2006 was cut more than 40 percent, halting important marine research. We support the fiscal year 2005 enacted level in help restore the program's vital work.

Marine Mammal Protection—\$82.0 million.—Oceana recommends sustaining the level of funding provided to support marine mammal research and management activities in the fiscal year 2005 budget (\$82.0 million). These funds will help the National Marine Fisheries Service more fully assess and adopt measures to recover depleted and strategic marine mammal species, such as Northern right whales, bottlenose dolphins, pilot whales, and common dolphins. It will also help the agency improve the knowledge of marine mammal populations; currently, the status of more than 200 protected and at-risk marine species is unknown. Activities that will be supported by these funds include funding top priority studies identified by the take reduction teams; designing and implementing take reduction plans for certain depleted marine mammal populations; conducting research on population trends; working on recovery plans; and conducting critical research on marine mammal health and responding to marine mammal die-offs.

Sea Turtle Conservation—\$20.0 million.—Oceana urges the subcommittee to sustain work currently underway on sea turtle research and conservation by providing \$20.0 million to NMFS programs dedicated to protecting sea turtles. All sea turtles found in U.S. waters are officially protected as endangered or threatened. Additional funding will enhance research, recovery, and protection activities for imperiled sea turtle species, including the agency's Atlantic sea turtle bycatch reduction strategy that will examine needed gear modifications for the conservation and recovery of sea turtles.

National Environmental Policy Act (NEPA) Implementation—\$8.0 million.—Oceana supports the administration's request of \$8.0 million to enhance NMFS work in satisfying NEPA requirements. These funds will support NEPA specialists within the agency and in the eight regional fishery management councils and will help build the analytical capability needed to move toward ecosystem-based approaches to management.

I request that this testimony be submitted for the official record. Also, I wish to be considered for any hearing of outside witnesses the committee may call. Thank you for your consideration of these recommendations.

PREPARED STATEMENT OF THE ANIMAL PROTECTION INSTITUTE; BLUE OCEAN INSTITUTE; ENDANGERED SPECIES COALITION; ENVIRONMENTAL DEFENSE; FRIENDS OF THE EARTH; HEART (HELP ENDANGERED ANIMALS—RIDLEY TURTLES); HERPDIGEST; THE HUMANE SOCIETY OF THE U.S.; INTERNATIONAL FUND FOR ANIMAL WELFARE; INTERNATIONAL WILDLIFE COALITION; INWATER RESEARCH GROUP, INC.; THE LEATHERBACK TRUST; LOCAL OCEAN TRUST/WATAMU TURTLE WATCH; MARINE CONSERVATION BIOLOGY INSTITUTE; MARINE CONSERVATION SOCIETY; MARINE RESEARCH FOUNDATION; NATIONAL ENVIRONMENTAL TRUST; THE NATIONAL MARINE LIFE CENTER; NATURAL RESOURCES DEFENSE COUNCIL; OCEANA; OSA SEA TURTLE CONSERVATION PROJECT; THE PEGASUS FOUNDATION; PRETOMA; PRO PENINSULA; PROYECTO TORTUGAS MARINAS; SEAFLOW; SEA SENSE; SEA TURTLES AT RISK; SEA TURTLE RESTORATION PROJECT—TEXAS; SIERRA CLUB; SOUTH CAROLINA AQUARIUM; WHALE AND DOLPHIN CONSERVATION SOCIETY; WIDECAST: WIDER CARIBBEAN SEA TURTLE CONSERVATION NETWORK; THE WILD ANIMAL RESCUE FOUNDATION OF THAILAND; AND WILDLIFE RESCUE AND CONSERVATION ASSOCIATION (ARCAS)

On behalf of the millions of supporters we represent, we urge you to provide \$4.5 billion for the National Oceanic and Atmospheric Administration (NOAA) in the fiscal year 2007 Science, State, Justice and Commerce appropriations bill. Specifically, we encourage the subcommittee to provide \$52.0 million for Fishery Observer programs; \$30.0 million for Fish Stock Assessments; \$82.0 million for Marine Mammal Research and Protection; \$20.0 million for Sea Turtle Conservation; \$60.0 million for the National Marine Sanctuary Program; \$46.2 million for Coral Conservation; \$3.3 million for the Marine Protected Area Center; and \$12.3 million for the National Undersea Research Program. We ask that this letter be included in the official committee record for the fiscal year 2007 appropriations bill.

NOAA is the Federal agency with primary responsibility for managing our Nation's coasts and oceans. It has a critical role in promoting sustainable coastal communities and a healthy economy. An investment of \$4.5 billion averages out to \$15 per person annually—a bargain for the fishery management, coral reef protection, undersea research, weather forecasting, nautical mapping, coastal zone management, and ocean education NOAA provides to the Nation.

In recent years, the presidentially-appointed U.S. Commission on Ocean Policy and the independent Pew Oceans Commission identified major challenges to ensure a future with healthy and abundant oceans. Both commissions called for significant and immediate increased investments in ocean, coastal and Great Lakes research, management, and conservation in order to ensure these vital ecosystems recover and can fully contribute to our Nation's economy and well-being. Now, it is time for Congress to demonstrate its commitment to NOAA programs and provide sufficient funding to fully confront the challenges ahead.

Last month, a number of national groups produced a report, *Green Budget: Fiscal Year 2007 National Funding Priorities for the Environment*. The full report, which included several NOAA programs in addition to the ones highlighted in this letter, can be found at www.saveourevironment.org. We call upon your leadership to increase funding for these following priority research and conservation activities and programs at the recommended levels.

NATIONAL MARINE FISHERIES SERVICE

Fishery Research—Fishery Observer Program—\$52.0 million. Fish Stock Assessments—\$30.0 million.—The information gathered by observers helps track how many fish, marine mammals, sea turtles, sea birds and other ocean wildlife are caught directly and as bycatch, thereby providing data to improve management of our fish populations. In its final report, the U.S. Commission on Ocean Policy concluded that “accurate, reliable science is critical to successful management of fisheries” and endorsed the use of observers as key to bycatch reduction efforts. According to the National Marine Fisheries Service, observers are currently deployed to collect fishery data in approximately 40 of the Nation's 300 fisheries.

In addition to the need for more data about what is caught, fishery managers would benefit from more complete information about the fish populations they oversee. Almost two-thirds of the Nation's fish populations lack basic information to determine their status; there are 56 “major” stocks where the information about their status is classified as “unknown.” Additional resources would allow the National Marine Fisheries Service to hire additional biologists to produce annual stock assessments, fund necessary charter days at sea to collect data, and significantly reduce the number of fish stocks with unknown status.

Protected Species Research and Conservation—Marine Mammal Research and Protection—\$82.0 million. Sea Turtle Conservation—\$20.0 million.—The National Ma-

rine Fisheries Service needs resources to more fully assess and adopt measures to recover depleted marine mammal species, such as North Atlantic right whales (whose population is estimated to be less than 300), bottlenose dolphins, pilot whales, and common dolphins. In addition, the status of more than 200 protected and at-risk marine species is unknown. Increased funds will help NOAA complete top priority studies identified by the take reduction teams; consult with other agencies and ocean users on activities that may affect endangered marine mammals; design and implement take reduction plans for certain depleted marine mammal populations; conduct research on population trends; and respond to marine mammal die offs.

All sea turtles in U.S. waters are officially listed as endangered or threatened species by the Endangered Species Act. Increased investments will help fund sea turtle research, recovery, and protection activities for imperiled sea turtles, including NMFS' Atlantic sea turtle bycatch reduction strategy that examines needed fishing gear modifications for enhanced conservation.

NATIONAL OCEAN SERVICE

National Marine Sanctuary Program—\$60.0 million.—The National Marine Sanctuary program manages 13 sanctuaries that encompass more than 18,000 square miles of our Nation's most diverse marine ecosystems. A 14th sanctuary for the Northwestern Hawaiian Islands is now in the process of designation. The program helps protect resources such as the coral reefs and mangrove forests off the Florida Keys, the tide pools and kelp forests along the Olympic Coast, and habitat for endangered humpback and northern right whales. The proposed Northwestern Hawaiian Islands sanctuary, expected to be designated in 2007, will require new financial commitments. Meanwhile, Congress has indicated its desire to see better resource inventories and management of existing sanctuaries before it will approve any further designations. This requirement can only be solved by enhanced appropriations.

Coral Conservation—\$46.2 million (\$31.2 million for tropical corals and \$15.0 million for deep sea corals).—Tropical reefs are often called the rainforests of the ocean because of the amount of rich biodiversity that these living reefs provide. Sensitive to human and environmental factors, these slow-growing reef systems need to be conserved for the health of our oceans. Corals reef systems are also found on the deep sea floor. These corals provide shelter for marine animals, protection from predators, nurseries for young fish, feeding areas, and spawning areas. Tropical and cold-water corals are subject to many threats, including damaging fishing practices, land-based pollution, and vessel strikes. Additional resources to improve coral management are needed to halt further coral destruction.

Marine Protected Area Center—\$3.3 million.—The National Marine Protected Area Center was created to develop the framework for a national system of marine protected areas (MPAs), support cooperative efforts, and provide technical and scientific support to improve MPA stewardship and effectiveness. Cuts in previous budgets have significantly reduced the center's work. This spring, the national MPA System Framework document should be published. Increased investments are needed to ensure that regional coordinators in Massachusetts and California and additional scientific and outreach staff are retained to continue the substantial collaborative work necessary to properly shape a proposed national system of MPAs.

RESEARCH

National Undersea Research Program—\$12.3 million.—NOAA's Undersea Research program serves the Nation by providing marine scientists with the tools, such as submersibles, remotely operated or autonomous underwater vehicles, mixed gas diving gear, underwater laboratories and observatories, to conduct important research that can help other ocean managers and users. Funding in fiscal year 2006 was cut more than 40 percent, halting important marine research. We support the fiscal year 2005 enacted level in order to ensure that vital undersea research continues.

Finally, we urge you to reject adding anti-environmental riders in this and other bills. If you have any questions, please contact Ted Morton, Oceana's Federal Policy Director at 202-833-3900. Thank you for considering our views.

PREPARED STATEMENT OF THE UNIVERSITY CORPORATION FOR ATMOSPHERIC RESEARCH

On behalf of the University Corporation for Atmospheric Research (UCAR) and the university community involved in weather and climate research and related

education, training and support activities, I submit this written testimony for the record of the Senate Committee on Appropriations, Subcommittee on Commerce, Justice and Science. UCAR is a 69-university member consortium that manages and operates the National Center for Atmospheric Research (NCAR) and additional programs that support and extend the country's scientific research and education capabilities. UCAR is supported principally by the National Science Foundation (NSF) and by other Federal agencies including the National Aeronautics and Space Administration (NASA), and the National Oceanic and Atmospheric Administration (NOAA).

The atmospheric sciences community strongly supports the President's American Competitiveness Initiative (ACI), an investment that we believe will pay great dividends for this country if it is sustained as planned over the next 10 years. In the President's budget request for fiscal year 2007, NSF is one of the critical agencies in line for ACI increases intended to double the physical sciences research budget by 2016. This is a necessary first step in any initiative that seeks to strengthen this Nation's economic competitiveness. However, the strength of the country's R&D investment is a result of multiple agencies playing multiple, complementary and interlocking roles. We believe that the science missions of NASA and NOAA, in addition to NSF, are critical to the health and well-being of this country. We look forward to the ACI developing rapidly to shore up and strengthen the physical sciences supported by all three of the major science mission agencies within your jurisdiction.

National Science Foundation (NSF)

NSF plays a unique role among all Federal agencies. In achieving its goal to develop new knowledge to meet societal needs and improve quality of life, NSF strengthens the ability of the country to create new ideas; develop new technologies; create a diverse, knowledgeable workforce; and set new standards that challenge any boundaries of invention and intellect. These are all key components of our capacity to compete globally in the 21st Century and are fundamental drivers of wealth-producing growth and job creation. The NSF budget request states that the ACI investment in NSF—a commitment to double the NSF research budget over 10 years—is being made “in order to sustain a robust, competitive, and productive America.” The UCAR community takes great pride in this national priority and supports to the fullest extent possible the ACI focus on NSF. I urge the committee to support the President's overall request of \$6.02 billion for the National Science Foundation and, within NSF, the request of \$4.66 billion for Research and Related Activities (R&RA), the heart of NSF's scientific enterprise. In addition, I urge the committee to support the administration's goal of doubling the research budget of NSF over the course of a decade, finally realizing the promise of the National Science Foundation Authorization Act of 2002.

Geosciences Directorate (GEO).—Within R&RA, GEO is the principal source of federal funding for university-based basic research in the geosciences, providing about 68 percent of the total federal support in these areas. The fiscal year 2007 increase for GEO includes aggressive investment in cyberinfrastructure, without which discoveries in the geosciences simply will not be able to advance at a competitive rate; and additional investment in the interagency Climate Change Science program in activities focused on understanding past climate variability, the advancement of knowledge about the carbon and nitrogen cycles, and the continued development of computational models of Earth system processes. I urge the committee to support the President's request of \$744.85 million for the Geosciences Directorate and, within GEO, to provide the President's request of \$226.85 million for the Atmospheric Sciences Division which provides resources for the atmospheric sciences community that are critical to the physical safety of our citizens, our economic health, and global issues of national security relevance such as severe weather, climate change, the security of our communications infrastructure, and the environmental health of the planet.

Office of Cyberinfrastructure.—Given the requirements of modern research, leading-edge progress that results in societal benefits cannot be realized without the acquisition, development and operation of state-of-the-art cyberinfrastructure services including ever-improving supercomputers, high-capacity mass-storage systems, and an ever-expanding suite of software tools. NSF promises to accomplish much in this area with the creation of the Office of Cyberinfrastructure. I urge the committee to support the President's fiscal year 2007 request of \$182.42 million for the Office of Cyberinfrastructure which includes \$50.0 million for the all-important achievement of petascale performance for application to important science and engineering problems.

Education and Human Resources (EHR) Directorate.—Key to the success of the administration's ACI efforts is the improvement of math and science education in

this country. It is therefore disappointing to see the EHR funding request for fiscal year 2007 decline in certain areas and not keep pace with inflation overall. We believe that the strengthening of science education, so critical to the Nation's future, must be intimately connected with the best scientific practices and results being produced via the NSF scientific directorates. While we realize that the EHR request strengthens collaborations that aid in addressing workforce needs, we hope that other areas of the budget do not indicate a shrinking NSF influence in the classroom. Of some encouragement is the recognition in the request of the value of digital libraries to teachers and students. Within the Division of Undergraduate Education (DUE), the National Science Digital Library (NSDL) receives a small increase. The value of this program continues to rise as its capacity to bring first-rate education tools into the classroom is broadened and enhanced. I urge the committee to provide as healthy an increase as possible for the Education and Human Resources Directorate so that it may play its rightful, critical role in achieving ACI goals.

National Aeronautics and Space Administration (NASA)

NASA's Science Mission Directorate (SMD) plays a unique and central role in our Nation's ability to attract students into science and engineering fields, and to understand the universe, our own planet's environmental complexities and its relationship to the Sun, and major factors contributing to climate change. Despite this essential role, NASA's fiscal year 2007 Federal budget request would curtail long-term growth in the science portfolio, defer or eliminate many of the Nation's most successful and promising missions, and fund only a relatively small number of scientific missions (albeit promising ones) in the next 5 to 10 years. While the manned program is incredibly important, it cannot come at the complete expense of this critical investment.

Within SMD, NASA plays a unique and central role in the study of the complexities of the Earth system and the equally complex relationship of the Sun to Earth through the Earth-Sun System. NASA's investment in Earth Science Research and Analysis (R&A) and the missions and tools associated with this research makes possible the study of Earth from space providing data that simply are not available from any other Federal agencies. These observations, used in research and in the construction of computer models to predict weather, climate, and natural hazards, provide a critical basis from which our understanding of our planet evolves and on which informed policy decisions, both long term and emergency response, can be made. Given the tremendous importance of this underlying activity, the R&A analysis programs should continue to receive robust funding levels at least commensurate with fiscal year 2006 levels.

In addition to investments in Earth-Sun System, NASA must preserve the essential PI-led programs that serve as a primary conduit through which the Nation's best scientists can engage NASA in cutting-edge problems. NASA should support the Explorer, Discovery, and New Frontier programs and fully commit to missions unless there are technical or cost related issues. When NASA promotes premature termination of those missions for non-technical or cost reasons, it is in danger of sending the message to the community that it is an unreliable partner and that this is not a field that future scientists and engineers should pursue. Moreover, balanced, highly skilled teams of talent are lost, as are discoveries on the immediate horizon.

While the exploration initiative and International Space Station are of great human interest and of scientific value, we are far from unlocking all the mysteries of our own planet. NASA programs that are in progress and others that are yet to be implemented will enable us to protect space vehicles, astronauts, and satellites from the devastating radiation of solar storms; mitigate some of the property damage and prevent some of the deaths caused by severe weather; and help us to mitigate, understand, and cope with the inevitable effects of natural and human-induced climate change. These programs are critical to the health of our economy, to the health of the Earth, and to our national security. As the administration's new vision for U.S. space exploration unfolds, I urge the committee to protect the vibrant NASA science accounts and missions, current and planned, that make possible the study of our own planet and the environment that sustains life on Earth.

National Oceanic and Atmospheric Administration (NOAA)

NOAA's importance to the Nation was made glaringly evident to the world as Hurricane Katrina bore down on the Gulf Coast last fall. Without the R&D and operations behind the accurate forecasts and warnings that moved tens of thousands of people out of the region, the number of deaths caused directly by the storm would have been catastrophic. This is just one example of the manner in which NOAA

data, research, and services contribute to the Nation's security, economy, environment, and quality of life, yet NOAA hurricane forecast R&D is also just one example of areas severely under funded in the request for fiscal year 2007. NOAA provides a critical link for this Nation between research results, research applications, technology development, and operations, yet NOAA's overall budget request is 5.8 percent below the fiscal year 2006 Enacted Budget. For NOAA to address all areas of concern and priority that have been identified by Congress, and to restore core funding that has decreased in recent years, I urge the committee to fund NOAA at \$4.5 billion for fiscal year 2007 and to do so while maintaining vital, enhanced support for other portions of the subcommittee's research and development portfolio.

National Weather Service (NWS).—The fiscal year 2007 NWS request eases some of the extremely difficult pay raise pressures that were squeezing NWS operations to the breaking point. In recent years, NWS has assumed responsibility for several programs such as the Space Environment Center (SEC), the U.S. Weather Research Program (USWRP), and the Wind Profilers. None has fared particularly well. SEC, the Nation's official source of space weather alerts and solar radiation warnings, was cut in fiscal year 2006 from just over \$7 million to less than \$4 million. USWRP has not been able to adequately keep up with our international obligation to fund THORPEX, and has not yet implemented planned national activities for this international research program designed to accelerate improvements in the accuracy of 1-to-14 day weather forecasts with deliverables such as improving disaster mitigation/response and increasing economic efficiency. The staff of the NOAA Profiler Network, 35 Doppler Radar sites that provide vital vertical wind profile data, has been cut back to the point that reliability and urgently required upgrades are severely compromised. The fiscal year 2007 NWS request will allow these and other critical programs such as AWIPS and Local Warnings and Forecasts to barely meet minimum requirements. I urge the committee to do everything possible to fund the President's entire request of \$881.86 million for the National Weather Service, a line office that provides the most critical of activities for policy makers, stakeholders, and citizens.

Office of Oceanic and Atmospheric Research (OAR).—OAR conducts research and technology development that are the underpinnings for NOAA operations. If the requested amount is appropriated, OAR would receive a small increase to its base funding for fiscal year 2007, some of which will keep the Nation on track with its contribution to the international commitment of completing the ocean climate observing system by 2010. This is a high priority component within this country's obligation to the construction of the international Global Earth Observation System of Systems (GEOSS). In addition, the increase will support drought impact research through the National Integrated Drought Information System (NIDIS) and develop new data sets that will enhance operational climate prediction. Also within OAR, the Hurricane Research Division (HRD) works to improve the Nation's hurricane forecasts for both path and intensity. This is an activity the importance of which is obvious, post-Katrina, yet HRD funding, modest to begin with, is cut by over \$1.0 million in the fiscal year 2007 request. I urge the committee to support the foundational research, technology development, and international commitments represented by the fiscal year 2007 request of \$348.6 million for the Office of Oceanic and Atmospheric Research and to shore up funding for obviously critical research areas such as hurricane forecasts.

National Environmental Satellite, Data and Information Service (NESDIS).—NESDIS is responsible for managing all aspects of the remotely gathered environmental data that form the basis for environmental research meeting the needs of policy makers and users. The fiscal year 2007 request provides a badly needed increase to cover basic operations and to provide additional funding for data archiving, and access and assessment activities at the NOAA National Data Centers which serve over 50,000 users annually. I urge the committee to support the President's fiscal year 2007 request of \$1,033.8 million for NESDIS.

On behalf of the UCAR community, I want to thank the committee for your stewardship of the Nation's scientific enterprise and your understanding that the future strength of the Nation depends on the investments we make in science and technology today.

PREPARED STATEMENT OF THE TOWN OF BRUNSWICK, MAINE

On behalf of the Town of Brunswick, I appreciate the opportunity to present this testimony in support of an appropriation of \$1.45 million from NOAA's Coastal and Estuarine Land Conservation Program for the Maquoit Bay project in southern Maine.

Located in coastal Cumberland County, Brunswick is the sixth largest community in the State and the largest in the mid-coast region. The popularity of our downtown, the presence of Bowdoin College, and excellent public educational and recreational opportunities all contribute to the attractiveness of Brunswick. Over the past 15 years our town has experienced rapid residential growth resulting in the construction of approximately 1,200 new homes. This growth underscores the need to conserve key, ecologically significant, properties while the opportunity still exists. Successful completion of the Maquoit Bay project will forever preserve our community's traditional ties to Casco Bay by maintaining public access and forever reminding our citizens of their place in the watershed.

While the Casco Bay watershed represents only 3 percent of Maine's total landmass, it holds nearly 25 percent of the State's population. The bay supports many industries such as shipping, commercial fishing, and shellfishing, as well as tourism and other recreational activities all of which are critical to the economic vitality of Maine. The Casco Bay Plan, developed to prevent further degradation of the bay and restore its health, focuses on five key issues of importance to the health of the bay: stormwater management, clam flats and swimming areas, habitat protection, toxic pollution, and stewardship.

Maquoit Bay, which is at the northwestern end of Casco Bay, is a shallow 5-square-mile embayment and includes the best commercial clamming flats in southern Maine. The Town of Brunswick, in which the entire bay is located, has adopted a Coastal Protection District zoning ordinance to limit development within the Maquoit watershed in an attempt to slow deterioration of the bay. The U.S. Fish and Wildlife Service has identified the northern end of Maquoit Bay as the most important habitat area in Casco Bay for all species studied, including the eider, brant, Canada goose, eelgrass, common loon, horseshoe crab, and the black duck.

Available for immediate protection is the 170-acre Maquoit Bay property, which constitutes fully one-quarter of the northern end of the bay and is one of the last undeveloped sites on Brunswick's entire coastline. Very little of the town's 66 miles of coastline is open to public access, and the town has made improving water access one of its top priorities. This property has almost a mile of salt water frontage on the bay and if protected will nearly double the town's current public access to the water.

The property available for conservation this year comprises a substantial portion of a larger 222-acre forest block, identified as a priority for conservation by the Rural Brunswick Smart Growth Plan. There are also three freshwater streams on the tract and a unique rocky promontory that provides spectacular views of Casco Bay and its islands and great swimming access to the warm shallow bay. With nearly a mile of trails for walking and cross-country skiing, and canoe and kayak access to Maquoit Bay and Casco Bay, this property has great recreational value to the townspeople as well as other Maine residents and visitors seeking access to coastal waters.

Conservation of this relatively large unfragmented forested habitat on Maquoit Bay will help achieve the goals of the larger Casco Bay protection effort, enhance existing conserved properties up the watershed, and assist Brunswick in providing additional public access to the waterfront for its residents and many visitors.

The landowners are offering the property for conservation but only for a very limited time. In fiscal year 2006, Congress appropriated \$550,000 towards this project, which is strongly supported by the Brunswick Town Council and has been endorsed by the Maine Coastal Program, a division of the State Planning Office. An appropriation of \$1.45 million from NOAA's Coastal and Estuarine Land Conservation Program (CELCP) in fiscal year 2007 is needed to complete this critical coastal protection effort in the Casco Bay watershed. These federal funds will be matched by a State grant, land value donation and the value of other conserved lands within the Maquoit Bay watershed.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF THE ST. SIMONS LAND TRUST

Mr. Chairman and honorable members of the subcommittee: I appreciate the opportunity to present this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program for a conservation easement on Little St. Simons Island in Brunswick, Georgia.

The St. Simons Land Trust is a non-profit organization dedicated to protecting St. Simons natural and scenic character so that residents, visitors, and generations to come can share and enjoy this precious jewel of nature. The trust has worked to

protect lands since its formation in 2000 by working with caring landowners, county government, and our dedicated membership of over 2,000 families.

The 100 miles of Georgia coastline from Savannah to St. Marys is a diverse ecosystem of estuaries, salt marshes, wetlands, barrier islands, and beaches. The Georgia coast is also home to a number of historic forts and sites from colonial, antebellum, and Civil War periods. In recognition of the ecological and historical significance of the State's coast, Congress, Georgia, and private organizations have created a number of parks, monuments, wildlife refuges, historic sites, and reserves that conserve these special coastal resources.

Of the dozen or so larger barrier islands along the Georgia coast, Little St. Simons Island is one of the last that remains substantially undeveloped and unprotected. This year there is an opportunity to acquire a conservation easement on the entirety of Little St. Simons Island in Glynn County. The island consists of 12,500 acres of land along 7 miles of Atlantic Ocean beachfront. Of the total acreage, approximately 2,500 acres are high ground; the rest is tidal salt marsh. Little St. Simons Island is about 10 miles northeast of the town of Brunswick.

Little St. Simons Island contains a variety of pristine ecosystems that provide habitat for migratory birds unique to the Atlantic coastline. Little St. Simons Island and parts of three other islands in the area were designated the Altamaha River Delta Reserve under the Western Hemisphere Shorebird Reserve Network, an international voluntary conservation system. This barrier island was also recognized by the American Bird Conservancy as one of the top 500 important bird areas in the United States. The marshlands provide habitat for waterfowl, migratory birds, and American alligators. The island is also a habitat for several endangered and threatened species, including the loggerhead sea turtle, the piping plover, and the wood stork.

Little St. Simons Island contains significant historical and cultural resources. Of the several historic structures still remaining on the island, one of the most important is an eighteenth-century house built by Samuel Augspurger, a surveyor and engineer to General James Oglethorpe, the founder of the Georgia colony. Augspurger also supervised the design and construction of Fort Frederica on St. Simons Island, which has been preserved as a national monument since 1936. Little St. Simons is thought to have potentially rich archaeological and cultural resources relating to Native Americans and European settlers.

Under the proposed conservation easement, the island will remain privately owned. The easement will be held by the City of Brunswick and will be monitored by the St. Simons Land Trust. Public access to the island will be available through overnight and day-trip guest programs, with ecological study programs for university scholars and naturalists. The owners intend to establish an education and research foundation to be endowed by a portion of the proceeds from the sale of the easement. In addition to researchers, school groups will be able to visit the island on a limited basis.

Unless the island is permanently protected, Little St. Simons Islands' pristine natural resources will be at risk, as the island is currently zoned for development. As nearby communities and developed barrier islands grow, the conservation of Little St. Simons Island will not only preserve open space and beachfront, but will also reduce the potential damage and costs from storms and hurricanes.

The community in Brunswick and St. Simons Island supports the conservation easement. The state of Georgia has submitted this project to NOAA as its top CELCP priority for fiscal year 2007. The \$3 million appropriation from the Coastal and Estuarine Land Conservation program will be matched by \$27.75 million in other public and privately raised funds.

Acquisition of this conservation easement is critical to protecting thousands of acres of marshlands and one of the last stretches of undeveloped and unspoiled beachfront on Georgia's Atlantic coastline.

Thank you, Mr. Chairman for the opportunity to present this testimony in support of the \$3 million CELCP appropriation for Little St. Simons Island, and for your consideration of the request.

PREPARED STATEMENT OF THE PROTECTORS OF PINE OAK WOODS

Protectors of Pine Oak Woods, a conservation organization representing 2,300 environmentally conscious Staten Islanders, appreciates this opportunity to testify in support of appropriating \$3 million from NOAA's Coastal and Estuarine Land Conservation program for the preservation of Long Pond/Butler Woods in New York.

The southern coast of Staten Island, facing the open waters of the Atlantic Ocean and Sandy Hook in New Jersey southeast over the Raritan Bay, is an important

natural and recreational resource for the residents of the metropolitan New York City Area. To conserve this shoreland, hundreds of acres have been protected as Federal, State, and local government parks such as Gateway National Recreational Area in New York and New Jersey, Mount Loretto Unique Area, Wolfe's Pond Park, and Conference House Park. These parks lie on the northern shore of Raritan Bay, a significant estuary between New York and New Jersey.

New York/New Jersey's Raritan Bay, with Staten Island to the north and Middlesex and Monmouth counties to the south, is the largest component of the Hudson River-Raritan Estuary system. It is part of the New York-New Jersey Harbor Estuary program, one of 28 federally recognized estuaries of national importance. Raritan Bay was historically one of the richest fisheries in the Nation prior to over-fishing and a reduction of water quality due to silt and other pollution which have impacted fish stocks in recent decades. The harbor, where commerce, industry, and nature confront one another, has, considering its overlying urban/industrial matrix, large amounts of upland and wetland open space and an unexpectedly high degree of biological diversity. The wetlands, marshes, flats, and coastal and riparian corridors in both New York and New Jersey serve as prime habitats for fish, terrapin, amphibians, and shorebirds, while migratory birds use these same areas for habitat and stopovers to replenish the energies needed to continue their journeys. In this part of Raritan Bay land conservation has been used as a primary tool for wildlife protection and to improve water control and quality; it is the site of extensive habitat and storm water management Bluebelts established by The New York City Department of Environmental Protection.

Two parcels totaling 80 acres near the Princes Bay section of Staten Island are available for acquisition in fiscal year 2007. These are collectively referred to as Long Pond/Butler Woods. The largest parcel, known as the North Mount Loretto Woods, comprises 75 acres of forest and wetlands lying between Hylan Boulevard and the Pleasant Plains Station of the Staten Island Railway. This property contains wetlands that provide flood protection, stormwater control, wildlife habitat, and open space for residents. More than half of the property contains wetlands within the Mill Creek watershed and provides watershed protection. The smaller parcel, known as the Camp St. Edward property, is a 5-acre triangular property on the shore of Raritan Bay. Currently undeveloped, it extends south of Hylan Boulevard along 800 feet of shoreland, and is adjacent to the only natural red clay bluffs in the New York City area.

Both of these properties have been identified as high priority conservation projects in the New York State Open Space Conservation Plan of 2005, a plan which includes the New York-New Jersey Harbor Estuary program and the State plans for the Coastal and Estuarine Land Conservation program. Together the properties offer opportunities to conserve important recreation and open space for residents and other users. Enhancing their value are several existing conserved properties that surround the parcels, including the Mill Creek Bluebelt site immediately to the north of the North Mount Loretto Woods parcel; Long Pond Park Natural Area which contains forest, swamp, and freshwater ponds; Lemon Creek on the bay itself; Bloesser's Pond; Arden Heights Woods; and the Mount Loretto Unique area, an adjacent 145-acre tract of grasslands and bluff fronting the bay that was conserved in 1998.

In order to conserve the Long Pond/Butler Woods parcels, an appropriation of \$3 million from the Coastal and Estuarine Land Conservation program is needed in fiscal year 2007. A federal contribution would be matched by \$11.5 million in non-federal funds, very nearly a one-to-four ratio. Once conserved, the properties would be managed by the New York State Department of Environmental Conservation. Both properties are highly vulnerable for development given their location in the metropolitan area, and other parcels in the immediate area have been purchased and developed for residential use within the past year. Conservation of these two properties will ensure the protection of important coastal wetlands and the availability of open space, recreational opportunity, and public access to the shore of Raritan Bay. Therefore protectors of Pine Oak Woods urges the inclusion of funding for this project in the fiscal year 2007 Commerce, Justice, and Science appropriations bill. We thank the subcommittee for this opportunity to present testimony, and for consideration of this important request.

PREPARED STATEMENT OF THE AMERICAN PUBLIC POWER ASSOCIATION

The American Public Power Association (APPA) is the national service organization representing the interests of over 2,000 municipal and other State and locally owned utilities in 49 of the 50 States (all but Hawaii). Collectively, public power

utilities deliver electricity to one of every seven electric consumers (approximately 43 million people), serving some of the Nation's largest cities. However, the vast majority of APPA's members serve communities with populations of 10,000 people or less.

The Department of Justice's (DOJ) Antitrust Division and the Federal Trade Commission (FTC) play critical roles in monitoring and enforcing antitrust laws affecting the electric utility industry. With the repeal of the Public Utility Holding Company Act (PUHCA) included in the Energy Policy Act of 2005, the electric utility industry is experiencing an increase in mergers that, if approved, could result in increased market power in certain regions. This development coupled with the volatility and uncertainty continuing to occur in wholesale electricity markets, make the oversight provided by DOJ and the FTC more critical than ever.

APPA supports adequate funding for staffing antitrust enforcement and oversight at the FTC and DOJ. Specifically, we support the administration's request of \$223 million for fiscal year 2007 for the FTC. We are heartened that the downward trend in funding for the DOJ's Antitrust Division over several years has been reversed, and are pleased with the administration's request of \$147.7 million for fiscal year 2007.

We appreciate the opportunity to submit this statement outlining our fiscal year 2007 funding priorities within the Commerce, Justice and Science subcommittee's jurisdiction.

PREPARED STATEMENT OF THE CALIFORNIA STATE COASTAL CONSERVANCY

SUMMARY

The following testimony is in support of the California State Coastal Conservancy's fiscal year 2007 Science, Justice, Commerce, and Related Agencies appropriations request. The Conservancy respectfully requests needed funding for the following critical projects: \$5.5 million for the acquisition of Piedras Blancas, the Santa Clara River Parkway and the Jenner Headlands under the National Oceanic and Atmospheric Administration's (NOAA) Coastal and Estuarine Land Conservation Program.

CONSERVANCY BACKGROUND

The California Coastal Conservancy, established in 1976, is a State agency that uses entrepreneurial techniques to purchase, protect, restore, and enhance coastal resources, and to provide access to the shore. We work in partnership with local governments, other public agencies, nonprofit organizations, and private landowners.

To date, the Conservancy has undertaken more than 950 projects along the 1,100 mile California coastline and around San Francisco Bay. Through such projects, the Conservancy protects and improves coastal wetlands, streams, and watersheds; works with local communities to revitalize urban waterfronts; assists local communities in solving complex land-use problems and protects agricultural lands and supports coastal agriculture to list a few of our activities.

Since its establishment in 1976, the Coastal Conservancy has helped build more than 300 access ways and trails, thus opening more than 80 miles of coastal and bay lands for public use; assisted in the completion of over 100 urban waterfront projects; joined in partnership endeavors with more than 100 local land trusts and other nonprofit groups, making local community involvement an integral part of the Coastal Conservancy's work and completed projects in every coastal county and all nine San Francisco Bay Area counties. In addition, we currently have over 300 active projects that are benefiting the citizens of California.

Fiscal Year 2007 Coastal and Estuarine Land Conservation Projects

The Coastal and Estuarine Land Conservation program is the only federal program directly supporting public land acquisitions necessary to implement the State's federally-mandated Coastal Management program. California has coastal land acquisition needs for public recreation and habitat conservation much greater than available State and local funds, and the public strongly supports preservation of coastal resource lands. The CELCP is strongly supported by nonprofit conservation organizations and by the Coastal States Organization.

In fiscal year 2007, we are seeking \$1,500,000 for the acquisition of the Piedras Blancas property. The Piedras Blancas project will purchase 18 acres of coastal property in San Luis Obispo County. It is nestled within the Hearst Ranch, which covers 128 square miles and includes 18 miles of coastline. In early 2005, the State of California protected 82,000 acres of the Hearst Ranch through a conservation

easement and fee title acquisition. This conservation endeavor transferred fee title of 13 miles of rugged, undeveloped coastline to California State Parks. The Piedras Blancas property is the last remaining privately held parcel west of Highway 1 within the 18-mile stretch of Hearst Ranch. This project will allow the California Department of Parks and Recreation to complete acquisition of this missing half mile of coast and will offer immediate safe public access to the coastal bluffs, trails, and beaches that exist on the property.

We also respectfully request \$1,000,000 in funding for the acquisition of land to complete the Santa Clara River Estuary Project. The project will protect disappearing riparian and wetland habitats through acquisitions of fee title and/or conservation easement in and around the river's estuary. This project complements a 5-year ongoing effort by the California State Coastal Conservancy (SCC) and The Nature Conservancy (TNC) to create the Santa Clara River Parkway by acquiring and protecting properties along the river. To date, the Coastal Conservancy and The Nature Conservancy have acquired 14 riverside properties totaling more than 2,300 acres. The project will also expand McGrath Beach State Park and the Santa Clara River Estuary Natural Preserve.

The \$1 million requested from the Coastal and Estuarine Land Conservation Program (CELCP) will be matched by the McGrath State Beach Trustee Council (Trustee Council), the SCC, and TNC. The Trustee Council will contribute up to \$500,000 from a \$1,315,000 State trust account resulting from mitigation of the 1993 Berry Petroleum Company oil spill in the vicinity of McGrath Lake. The trustees are the California Department of Fish and Game (CDFG), California Department of Parks and Recreation (State Parks), and U.S. Fish and Wildlife Service (USFWS). SCC will contribute at least \$500,000 toward land protection in the project area. Needs in excess of the projected \$2 million will be met by SCC and The Nature Conservancy.

This project is part of a larger ecological conservation project that includes the entire Santa Clara River, its estuary, and beach and marsh habitat along the Ventura County coastline. A number of local, State, and federal agencies as well as non-profit organizations and local citizens' groups are cooperating to make this work successful.

Finally, we respectfully request the inclusion of \$3,000,000 in funding for the acquisition of the Jenner Headlands. Acquisition of the Jenner Headlands represents the most significant opportunity along the Sonoma Coast to protect an important area with unique and diverse conservation, recreation, ecological and aesthetic values. This 5,630-acre property is threatened by conversion to rural residential development, placing its extraordinary resources in peril. This acquisition is a critical link in completing a 30-mile long conservation corridor from Bodega Head to Fort Ross.

Much of the property is designated as Significant Natural Area by the California Department of Fish and Game (CDFG), and contains numerous and diverse habitat types, including riparian corridors suitable for Coho rearing. Jenner Gulch, Russian Gulch, Austin Creek and Sheephouse Creek, whose watersheds are within this property, are anadromous fish streams, the latter being one of three locations of CDFG's Coho salmon re-introduction program. Jenner Gulch is also the water source for the 170 residents of Jenner. The complex mosaic of habitats that exist in this site provides a vast, contiguous region for resident and nonresident fish and wildlife species. In addition to the abundant common animal species, identified species of special concern located on the property include northern spotted owl, red tree vole, bank swallow, steelhead, and Coho salmon.

This property also offers exceptional new recreational opportunities as well as opportunities to improve existing access to the shore. As part of Sonoma Coast State Beach, California Department of Parks and Recreation (CDPR) owns the land adjacent to Jenner Headlands and west of Highway 1 from Russian Gulch almost to Jenner. Access to this narrow coastal terrace with bluffs surrounding unnamed coves is limited. Many of the trails are hazardous and the existing use is eroding the bluffs. The acquisition of Jenner Headlands will provide a safer and more scenic coastal trail route along the approximate 2.5 miles between Russian Gulch and Jenner.

The property owners are currently processing certificates of compliance, which, when approved, will allow them to fragment the property into 44 separate parcels without any further local subdivision approval requirements. The intense demand for home sites on the California coast practically guarantees that this property will be developed unless it is acquired for the benefit of the public.

PREPARED STATEMENT OF THE ASSOCIATION OF SMALL BUSINESS DEVELOPMENT
CENTERS

The Association of Small Business Development Centers (ASBDC) urges the subcommittee on Commerce, Justice, Science and Related Agencies to provide an appropriation of \$110 million for the Small Business Administration's Small Business Development Center (SBDC) grant program in the fiscal year 2007 appropriations bill. A fiscal year 2007 Federal funding level of \$110 million for the nationwide SBDC network will restore Federal funding lost to most State and regional SBDC networks across the Nation as a result of inflation in recent years.

A Federal funding level of \$110 million for the nationwide SBDC network is the level of funding provided for in the bi-partisan Snowe-Kerry-Vitter-Landrieu-Talent amendment that passed the Senate on September 15, 2005, by a vote of 96-0, during consideration of the fiscal year 2006 S-S-J-C appropriations bill. This is also the funding level provided for in the bi-partisan Snowe-Kerry-Vitter-Coleman-Nelson (of Florida)-Landrieu-Lieberman-Levin amendment to the fiscal year 2007 Budget Resolution adopted by the Senate on March 16 of this year; and it is the funding level requested by every member of the Senate Committee on Small Business and Entrepreneurship in a letter to the chairman and ranking member of the C-J-S Appropriations subcommittee on April 7.

The table below shows how much each State and regional SBDC network has lost in the value of its annual Federal SBDC funding in recent years as a result of inflation. Without an increase in Federal funding for the nationwide SBDC network, Federal SBDC funding for the average States SBDC network will be approximately \$250,000 (19 percent) less in fiscal year 2007 than it was in the year of the last Federal funding increase, in inflation-adjusted dollars. For many State and regional SBDC networks, the loss of Federal funding due to inflation will be even more severe. For example, SBDC networks in small-population States, which have not had an increase in their Federal SBDC funding since 1998, will receive approximately 25 percent less Federal funding in fiscal year 2007 than in fiscal year 1998, after adjusting for inflation. And now the proposed SBA Budget calls for cutting Federal funding for the nationwide SBDC network even further—by \$743,00 (from \$87,863,000 in fiscal year 2006 to \$87,120,000 in fiscal year 2007).

The immediate result of declining real Federal funding for the Nation's SBDC network has been a decline in the number of hours that SBDC business counselors can spend with small businesses and aspiring entrepreneurs. Between 2003 and 2005 (the most recent year for which statistics are available), the number of hours that SBDC business counselors could spend with small businesses and aspiring entrepreneurs declined by 224,844 (from 1,566,243 in fiscal year 2003 to 1,341,399 in fiscal year 2005). The tragedy is that, as fewer small business owners and aspiring entrepreneurs have access to SBDC business counselors, and as SBDC business counselors spend less time with their small business clients, the impact of the SBDCs will be diminished. Fewer businesses will be created and saved, and fewer jobs will be created and saved.

The nationwide SBDC network has a proven record of helping America's small businesses grow and create jobs. In 2004, for example, nationwide SBDC in-depth clients (those who received five or more hours of business counseling) created 74,253 new full time jobs; saved an additional 80,907 jobs; generated \$6.1 billion in new sales; and saved an additional \$5.8 billion in sales.

In addition, the Federal SBDC appropriation of \$88 million in fiscal year 2004 resulted in SBDC in-depth clients generating an estimated \$233,674,930 in new Federal revenue as a result of increased economic activity—a return of \$2.66 in new Federal tax revenues for every Federal dollar spent on the SBDC program. Simply put, Federal SBDC funding actually generates more revenues than it costs the taxpayer. And every dollar appropriated by the Federal government for the SBDC national program—to assist small businesses to survive, grow and create jobs—leverages at least one additional, non-Federal dollar in small business assistance. That is so because, to secure a Federal dollar, SBDCs must raise a non-Federal matching dollar.

If we are to generate jobs for our Nation's young people coming out of colleges and universities and high schools, we must stimulate job growth. The cost per job created by SBDC in-depth counseling clients, including Federal dollars and non-Federal dollars, is \$2,439 per job. Few federal jobs programs can approximate that cost-per-job created. Most State economic development agencies consider \$10,000 per job to be a successful program.

It makes no sense to cut funding for a program that teaches small business owners and aspiring entrepreneurs to become more competitive, effectively manage their small businesses, start new businesses, increase sales and create new jobs—espe-

cially when the SBDCs help generate more Federal revenue through economic growth than it costs the federal taxpayer to fund the SBDCs. As the United States Chamber of Commerce states, in its letter to the Appropriations Committee expressing the Chamber's support for an appropriation of \$110 million for the SBDC grant program, "It is vital to have a well-funded SBDC infrastructure in place to provide a cost-effective way to help these small business owners develop the skills they need to manage cash flow, restore markets, bolster revenue streams and increase sales—while creating new jobs and additional State and federal revenues."

Based on survey data analyzed by Professor James Chrisman of Mississippi State University, the ASBDC estimates that, with an appropriation of \$110 million the nationwide SBDC network could help in-depth SBDC clients to:

- Create 92,752 new jobs;
- Save an additional 101,064 jobs;
- Make \$7.6 billion in new sales;
- Save an additional \$7.2 billion in sales;
- Obtain \$3.2 billion in financing to grow their businesses; and
- Generate \$291,891,163 in additional Federal revenues as a result of economic growth.

Again, a federal funding level of \$110 million for the nationwide SBDC network in fiscal year 2007 will restore federal funding lost to most State and regional SBDC networks across the Nation as a result of inflation in recent years. The ASBDC urges the subcommittee to provide this much needed funding and help ensure that America's small businesses and aspiring entrepreneurs, and the SBDCs that serve them, have the resources they need.

Below is a spreadsheet showing how much each State and regional SBDC network has lost in the value of its Federal SBDC funding in recent years as a result of inflation.

HOW INFLATION HAS ERODED SBDC FUNDING

State	Year of Last Federal SBDC Funding Increase	Federal Funding During Year of Last Increase	Federal Funding Dollars During Year of Last Increase (in inflation-adjusted, 2007)	Federal Dollars Lost to Inflation (between Year of Last Increase and 2007)	Percent of Federal Dollars Lost to Inflation (between Year of Last Increase and 2007)
Alabama	2001	\$1,276,425	\$1,488,822	\$212,397	17
Alaska	1998	500,000	626,150	126,150	25
American Samoa	2001	200,000	233,280	33,280	17
Arizona	2002	1,433,189	1,626,096	192,907	13
Arkansas	2000	784,618	946,328	161,710	21
California	2004	9,461,506	10,329,126	867,620	9
Colorado	2002	1,201,512	1,363,236	161,724	13
Connecticut	2000	1,045,447	1,260,914	215,467	21
Delaware	1998	500,000	626,150	126,150	25
District of Columbia	1998	500,000	626,150	126,150	25
Florida	2002	4,464,511	5,065,434	600,923	13
Georgia	2002	2,286,800	2,594,603	307,803	13
Guam	1998	500,000	626,150	126,150	25
Hawaii	1998	500,000	626,150	126,150	25
Idaho	1998	500,000	626,150	126,150	25
Illinois	2001	3,602,452	4,201,900	599,448	17
Indiana	2001	1,747,976	2,038,839	290,863	17
Iowa	2000	903,302	1,089,473	186,171	21
Kansas	2000	819,243	988,089	168,846	21
Kentucky	2001	1,162,071	1,355,440	193,369	17
Louisiana	2001	1,331,402	1,552,947	221,545	17
Maine	1998	500,000	626,150	126,150	25
Maryland	2001	1,507,645	1,758,517	250,872	17
Massachusetts	2001	1,894,060	2,209,232	315,172	17
Michigan	2001	2,930,782	3,418,464	487,682	17
Minnesota	2001	1,378,212	1,607,546	229,334	17
Mississippi	2000	847,168	1,021,769	174,601	21
Missouri	2001	1,614,145	1,882,739	268,594	17
Montana	1998	500,000	626,150	126,150	25
Nebraska	2000	567,629	684,617	116,988	21
Nevada	1998	500,000	626,150	126,150	25
New Hampshire	1998	500,000	626,150	126,150	25

HOW INFLATION HAS ERODED SBDC FUNDING—Continued

State	Year of Last Federal SBDC Funding Increase	Federal Funding During Year of Last Increase	Federal Funding Dollars During Year of Last Increase (in inflation-adjusted, 2007)	Federal Dollars Lost to Inflation (between Year of Last Increase and 2007)	Percent of Federal Dollars Lost to Inflation (between Year of Last Increase and 2007)
New Jersey	2001	2,434,412	2,839,498	405,086	17
New Mexico	2000	550,034	663,396	113,362	21
New York	2001	5,668,984	6,612,303	943,319	17
North Carolina	2002	2,248,492	2,551,139	302,647	13
North Dakota	1999	500,000	616,300	116,300	23
Ohio	2001	3,420,240	3,989,368	569,128	17
Oklahoma	2000	1,006,907	1,214,431	207,524	21
Oregon	2002	955,732	1,084,374	128,642	13
Pennsylvania	2001	3,746,336	4,369,726	623,390	17
Puerto Rico	2002	1,063,895	1,207,095	143,200	13
Rhode Island	1998	500,000	626,150	126,150	25
South Carolina	2002	1,120,714	1,271,562	150,848	13
South Dakota	1998	500,000	626,150	126,150	25
Tennessee	2002	1,589,242	1,803,154	213,912	13
Texas	2001–02	5,898,568	6,711,872	813,304	14
Utah	2002	623,812	707,777	83,965	13
Vermont	1998	500,000	626,150	126,150	25
Virgin Islands	1998	500,000	626,150	126,150	25
Virginia	2002	1,977,309	2,243,455	266,146	13
Washington	2003	1,656,015	1,849,438	193,423	12
West Virginia	2000	628,228	757,706	129,478	21
Wisconsin	2001	1,541,574	1,798,092	256,518	17
Wyoming	1998	500,000	626,150	126,150	25

PREPARED STATEMENT OF THE AMERICAN PHYSIOLOGICAL SOCIETY

The American Physiological Society (APS) thanks the Subcommittee for its sustained financial support of scientific research at the National Science Foundation (NSF) and the National Aeronautics and Space Administration (NASA). Scientific research plays an important role in technological innovation and economic development and therefore is vitally important to the future of our Nation. The APS applauds the proposed budget increase for NSF, and recommends implementation of the plan to provide the agency with \$6.02 billion in fiscal year 2007 and double its budget in the coming years. In contrast, while the proposed overall budget increase for NASA is 3.2 percent, the Human Systems Research and Technology (HSR&T) theme would be cut by 56 percent. The APS recommends the restoration of funds to basic life sciences and countermeasures research at NASA to ensure the safety of humans both on the International Space Station and in any future space endeavors.

The APS is a professional society dedicated to fostering research and education as well as the dissemination of scientific knowledge concerning how the organs and systems of the body work. The Society was founded in 1887 and now has more than 11,000 members who do research and teach at public and private research institutions across the country, including colleges, universities, medical and veterinary schools.

The APS recognizes both the enormous financial challenges facing our Nation and the significant opportunities for scientific progress. In this testimony, the APS offers its recommendations for fiscal year 2007 funding for the NSF and NASA.

NSF

The basic science initiatives funded by the NSF are driven by the most fundamental principles of scientific inquiry. Although at times NSF-funded research may seem to be exploring questions that lack immediate practical application, we have learned again and again that the relevance of the knowledge gained becomes apparent over time. The NSF provides support for approximately 20 percent of federally funded basic science and is the major source of support for non-medical biology research, including integrative, comparative, and evolutionary biology, as well as interdisciplinary biological research. The majority of the funding NSF provides is awarded through competitive, merit-based peer review, which ensures that the best

possible projects are supported. NSF has an excellent record of accomplishment in terms of funding research endeavors that have produced results with far-reaching potential.

One example of innovative NSF-funded research that crosses scientific disciplines is the effort by scientists in the Department of Mathematics at Duke University to develop mathematical models of kidney function. The kidney rids the body of waste and regulates fluid volume and balance. By developing mathematically based computer models of kidney function at the cellular level, researchers hope to gain a better understanding of this complex organ and the causes of kidney disease.¹ This type of cutting-edge, interdisciplinary research program is essential for the progress of science, which is becoming increasingly interdisciplinary as new technologies emerge.

In another example of NSF-funded research, scientists studying land-dwelling wood frogs at Miami University in Ohio have made some important discoveries about how they survive harsh winter weather. According to their studies, the frogs alter the amount of sugar and other molecules in their bodies in response to cold temperatures, ultimately allowing them to freeze solid in the winter and then thaw again in spring.² Because frogs share many biological similarities with humans and other mammals, the researchers hope that studying the precise series of physiological events in the frog will allow them to achieve better and longer-term preservation of human organs for transplantation. If human organs could be stored for longer periods, more organs might be available for transplantation and better immunological matches could be achieved. This has the potential to result in longer and healthier lives for transplant patients. In addition, because the frogs undergo cardiac arrest when they freeze, a better understanding of their natural cold tolerance may also shed light on medical problems in humans resulting from hypothermia and oxygen deprivation.³

In addition to such innovative research, NSF also supports outstanding science and math education programs, which was one of the themes in the President's State of the Union address. NSF programs enhance education at every level from elementary school through graduate school and therefore should have merited funding increases for fiscal year 2007. Nevertheless, education programs at the NSF have suffered from recent budget cuts, and fiscal year 2007 budget proposal similarly fails to give them the priority they deserve. The President's budget recommends shifting funding for some NSF educational programs to the Department of Education. We believe that the NSF is uniquely qualified to foster excellence in science and math education and urge that funding for these programs remain at the NSF.

The APS urges Congress to support the important work being carried out at NSF by funding the agency at its requested level of \$6.02 billion. In addition, the APS recommends restoration of funding for education programs at NSF.

NASA

The Human Systems Research and Technology (HSR&T) Theme within NASA was created to focus on the health and safety of humans involved in space exploration. During prolonged space flight, the physiological changes that occur due to microgravity, increased exposure to radiation, confined living quarters, and alterations in eating and sleeping patterns can lead to health problems and reduced ability to perform tasks. Given NASA's current focus on manned space exploration, it is critical that resources be devoted now to research into the health effects of prolonged space flight. NASA is the only agency whose mission includes addressing the biomedical challenges of manned space exploration. Moreover, this research has already produced findings with potential application to medical problems that occur in other connections. A few examples of outstanding NASA funded science are described below.

A common problem associated with prolonged exposure to reduced gravity is muscle atrophy, including in the muscles of the legs. In an environment with normal gravity, muscle mass is maintained because walking provides both exercise and nerve stimulation in the leg muscles. The kind of muscle atrophy observed in humans following spaceflight can be simulated in laboratory rats, which has permitted researchers opportunities to study ways to counteract its negative effects. Last year several NASA-funded researchers published a study using showing that by artificially stimulating the bottom of the foot using an inflatable boot they could mark-

¹A.T. Layton, H.E. Layton, *Am J Physiol Renal Physiol* 289, F1346–66 (Dec, 2005).

²J.P. Costanzo, R.E. Lee, Jr., *J Exp Biol* 208, 4079–89 (Nov, 2005).

³J. P. Costanzo, R.E. Lee, Jr., A.L. DeVries, T. Wang, J.R. Layne, Jr., *Faseb J* 9, 351–8 (Mar, 1995).

edly reduce the atrophy that would otherwise occur in the leg muscles.⁴ If these results can be confirmed in humans, this type of countermeasure may be useful not only in conditions of reduced gravity, but also in patients who are bed-ridden for prolonged periods.

Muscles that have atrophied also show resistance to insulin, a molecule that affects how sugar is absorbed by the body's tissues. NASA-funded researchers at the University of North Carolina, Chapel Hill, used the same kind of animal model to study insulin resistance in conditions that simulate microgravity. They were able to identify events that occur at the molecular level that lead to insulin resistance, as well as ways the body compensates to allow the muscles to utilize sugar in a way that does not require insulin.⁵ These studies may have significant implications for keeping astronauts healthy during and after spaceflight. At the same time, they may contribute to our understanding of biological pathways that are important in diabetes, which is a growing health problem in the United States.

The APS is concerned about the proposed 56 percent decrease in the allocation for fiscal year 2007, which is inconsistent with NASA's increased focus on manned space exploration. The APS joins the Federation of American Societies for Experimental Biology (FASEB) in urging both a restoration of the cut and an increase in support for peer-reviewed research into the health risks of long-term space flight and development of appropriate countermeasures.

Investment in the basic sciences is critical to our Nation's technological and economic future. The APS strongly supports federal funding for biological and biomedical research at the NSF and NASA, as it does for funding at the National Institutes of Health, another agency whose budget is in need of congressional attention to counter the real decline in its ability to fund medical research. The APS urges you to make every effort to provide these agencies with increased funding for fiscal year 2007.

PREPARED STATEMENT OF ASME AEROSPACE DIVISION'S TASK FORCE

INTRODUCTION TO ASME AND THE AEROSPACE DIVISION

ASME is a nonprofit, worldwide engineering society serving a membership of 120,000. It conducts one of the world's largest technical publishing operations, holds more than 30 technical conferences and 200 professional development courses each year, and sets many industrial and manufacturing standards. The work of the society is performed by its member-elected board of governors through five councils, 44 boards, and hundreds of committees operating in 13 regions throughout the world.

The ASME Aerospace Division has approximately 15,000 members from industry, academia and government. ASME members are involved in all aspects of aeronautical and aerospace engineering at all levels of responsibility. They have a long-standing interest and expertise in the Nation's federally funded aerospace research and development activities at the National Aeronautics and Space Administration (NASA) and NASA's efforts to create a pipeline of young engineers interested in aerospace and aeronautics. In this statement, the ASME Aerospace Division's Task Force (herein referred to as "the Task Force") will address programs that are critical to the long-term health of the Nation's aerospace enterprise and its global economic competitiveness.

OVERVIEW OF NASA'S FISCAL YEAR 2007 BUDGET REQUEST

The Task Force applauds the administration for its firm commitment to space exploration. Space exploration is one of the United States' greatest achievements and maintaining this mission is critical to U.S. leadership in space. However, at a time when America faces unprecedented challenges to its economic leadership, NASA must continue to play a lead role in funding engineering-related research, particularly for aeronautics programs.

While we are pleased with the administration's support for the space program and NASA's efforts to revitalize its mission, we remain concerned about proposed reductions in funding for the aeronautics research and technology (R&T) programs contained within NASA's Aeronautics Research Mission Directorate. This is the portion of the NASA budget that has an immediate and practical benefit to the Nation, and yet the administration proposes to reduce those programs by \$160 million to \$724 million in fiscal year 2007, reducing the budget by almost half over the past decade.

⁴A. Kyparos, D.L. Feeback, C.S. Layne, D.A. Martinez, M.S. Clarke, *J Appl Physiol* 99, 739–46 (Aug, 2005).

⁵T.L. Hilder *et al.*, *J Appl Physiol* 99, 2181–8 (Dec, 2005).

Strong investment in fundamental engineering research in aeronautics will ensure that the United States will retain its long-term leadership in this field. Therefore, the Task Force recommends that the aeronautics portion of the NASA budget be increased to \$2 billion over the next 8 years, with a long-term target of attaining a level of 10 percent of the total NASA budget. Achieving this target would re-establish aeronautics funding, as a percentage of the NASA budget, at its pre-1990 level and put U.S. R&D funding at levels commensurate with its competitors abroad.

AERONAUTICS RESEARCH AND TECHNOLOGY

Several interrelated critical challenges confront the U.S. aeronautics enterprise—a sharp decrease in the number of new commercial and military aircraft programs, a decline in the quality of the research infrastructure, and erosion in the technologically literate workforce needed to ensure pre-eminence in an increasingly competitive marketplace. Low investment by NASA in aeronautics research contributes to all these problems.

Infrastructure.—There is a need to refocus on the infrastructure required to develop a new generation of advanced flight vehicles. In an era of budget cuts and fewer defense contracts, the Nation has embarked on a path where key wind tunnel and other ground test facilities are being retired. Our Task Force recommends a team of experts from industry, government and academia be chartered to identify the infrastructure requirements for a robust national aeronautical R&D program aimed at developing a new generation of advanced aeronautical vehicles. R&D adequate to sustain or build this infrastructure should be identified. The Nation should guard against a loss of technical expertise in the critical field of wind tunnel testing, a very real possibility in the current climate of attrition.

Workforce.—Aeronautics faces the same pressures being felt by the space industries: fewer research dollars over time has resulted in fewer companies with skilled workers capable of designing and building complex aeronautical systems. An investment in aeronautics is a matter of strategic importance, as it creates highly skilled manufacturing jobs and helps create a foundation for a strong national defense.

Aerospace companies have an aging workforce, with an estimated 26–27 percent reaching retirement age by 2008. Aerospace suffers from a lack of available young workers with advanced technology degrees who can step in to replace retiring, experienced workers. The aerospace industry looks to NASA to create a demand for long-term R&D to encourage students to go to graduate school and on to companies who are doing aeronautical research. There is a clear correlation between research dollars and the number of graduate students in a particular field—the students follow the money. Therefore, as the funding for aeronautics has decreased by more than half over the last decade, so have the number of graduate student decreased.

Aeronautical Technologies Critical to U.S. Leadership.—Contrary to perception, aeronautics is not a mature industry. Exciting new opportunities exist for major advances in many areas of aeronautical technology, including automated flight vehicles, “fail-safe” avionics, new platforms/configurations, efficient propulsion, “quiet” aircraft, enhanced safety, and “zero” emissions aircraft. The Task Force identified numerous technologies that are critical to the long-term health of the Nation’s civil and military aviation and aeronautics technology enterprise including:

- Quieter, more environmentally friendly aircraft engines are not only possible, but highly desirable over the near- and longer-term. More distant, but intriguing, are the possibilities for engines using alternative fuels, including hydrogen. A vigorous pursuit of these technologies is likely to pay rich dividends to the United States air transportation system, the national economy, and in our efforts to reduce the use of fossil fuels.
- Flight demonstrations (jointly funded by DOD and NASA) should be sustained at an annual budget level sufficient to determine the integrated performance of promising and dramatic new emerging technology opportunities.
- Research into avionics systems and their applications should be aggressively pursued because their use is pervasive and is often critical to the success of advanced aircraft developments.
- Research and development into Uninhabited Air Vehicles (UAVs) should be given sustained support addressing issues of reliability, maintainability and cost, so that the full potential of these promising aircraft can be realized.
- Research on new and more effective prediction methodologies are sorely needed to meet the challenge of addressing the increased complexity of design decisions. Computational Fluid Dynamics (CFD) methods, for example, have evolved to the point of achieving good correlation with test results, but are so computer-time intensive as to be currently impractical for the multiplicity of calculations needed for design of optimum configurations.

- Methodologies that facilitate the development of cost-effective, extraordinarily reliable software and systems for safety critical operations should receive the strongest possible support.
- Materials development and design to transition high trust propulsion technology to aerospace systems to boost trust-to-weight ratio of propulsion systems. This will require development of hybrid materials systems, durable coatings, and microvascular active thermal management.
- Composite-Structures research is a critical enabling technology for advanced aeronautical development, and should be vigorously supported. New advances in manufacturing techniques for large-scale composite structures are required to promote the development of a new generation of aeronautical vehicles. Nanotechnology research is also needed to develop high strength and environmentally durable materials that perform well in hostile atmospheric and space environments.
- Significant new aerodynamics research is required in support of innovative and promising applications ranging from micro UAVs, to Vertical Takeoff and Landing (VTOL) regional transports to Single Stage to Orbit (SSTO) launch vehicles and hypersonic missiles.
- Essential simulation, ground, and flight-testing capabilities must be preserved and new, more productive capabilities should be developed—including physical infrastructure and personnel—so that new generations of advanced aircraft can be designed safely to be competitive in the world market.
- There is a continuing need for R&D into flight mechanics and control for new, innovative configurations including un-piloted aircraft. Research to minimize if not entirely eliminate the impact of pilot and operator errors on flight safety should be a primary focus.

We urge you to read our more detailed report on “Persistent and Critical Issues in the Nation’s Aviation and Aeronautics Enterprise,” prioritizing technologies critical to the long-term health of the Nation’s civil and military aviation and aeronautics technology enterprise which is located on our website at <http://www.asme.org/gric/ps/2003/ASMEPolicyPaper.pdf>.

CONCLUSION

In conclusion, we applaud the proposed fiscal year 2007 NASA budget for its efforts to revitalize U.S. space exploration. There is a strong rationale, however, for Congress to consider real increases in the NASA Aeronautics budget. The President has challenged us to make the investments in the physical sciences necessary to maintain our high standard of living and unprecedented economic prowess. Aeronautics is a vital industry that produces tangible economic and security benefits for the Nation. As other nations seek to expand their efforts in aeronautics and space exploration, Congress should also consider funds for NASA R&D measures that will help the U.S. economy remain competitive and innovative.

PREPARED STATEMENT OF THE NATIONAL AQUARIUM, BALTIMORE, MARYLAND

Mr. Chairman, and members of the subcommittee, thank you for the opportunity to submit testimony in support of federal appropriations for the National Oceanic and Atmospheric Administration (NOAA).

As a stakeholder and partner of NOAA, the National Aquarium in Baltimore strongly encourages you to provide the agency with an appropriation of \$4.5 billion in fiscal year 2007. NOAA’s protection of our oceans and coastal communities is crucial to the U.S. economy. Coastal communities, our national fisheries, and the services provided by shorelines and wetlands depend on the science and management offered by NOAA.

Funding from NOAA supports many of the conservation and education activities conducted by the National Aquarium in Baltimore, its affiliates, and other nonprofit and educational organizations on the Chesapeake Bay. In partnership with NOAA, the National Aquarium in Baltimore has helped citizens and communities restore tidal wetlands on Chesapeake Bay’s Barren Island, Blackwater National Wildlife Refuge, Eastern Neck National Wildlife Refuge, and Fort McHenry in Baltimore. This partnership leverages support from other Federal and State agencies and private foundations, enabling community-based restoration activities that publicly demonstrate habitat enhancement and beneficial use of dredged material for restoring tidal wetlands. NOAA investments have leveraged more than \$1.6 million over the past 5 years for restoration of Chesapeake Bay tidal wetlands.

NOAA helps support the conservation of marine life through the Aquarium’s Marine Animal Rescue Program (MARP), which rescues and rehabilitates seals, sea

turtles, dolphins and porpoises, and even the occasional whale, that become stranded on Atlantic Coast shorelines. Many animals are released back into the wild after rehabilitation. Those that cannot be released are cared for, studied, and placed in educational facilities throughout the United States. MARP could not conduct rescue and rehabilitation without help from NOAA's Prescott Marine Mammal Assistance Grants. NOAA-funded conservation education messages presented by MARP reach tens of thousands of visitors to Ocean City, Baltimore, and the surrounding region. NOAA investments have leveraged more than \$500,000 for MARP activities over the past 5 years.

The Bay Wide Education and Training (BWET) grants from NOAA support the National Aquarium in Baltimore's school-based Wetland Nursery Program for middle and high school students in Maryland and Washington, DC. This program builds demonstration wetland plant nurseries at urban schools. Students grow wetland grasses and monitor water quality, growth, and other scientific parameters. A new component of the program integrates native fish aquaculture into the wetland nursery system. At the end of the growing season, students plant grasses and release fish in restored tidal wetlands on Chesapeake Bay. Additional teacher training programs enable local educators to utilize curricular materials on the Chesapeake Bay watershed in their classrooms throughout the school year. NOAA investments have leveraged more than \$300,000 for these and other environmental education programs at the Aquarium over the past 5 years.

NOAA is also significantly supporting the restoration of the historic National Aquarium in Washington, DC, which is located in the basement of the Commerce Building. The DC aquarium is an affiliate of the National Aquarium in Baltimore. The two aquariums share resources, providing top quality animal care, exhibit expertise, and materials. Recent funding from NOAA has allowed the DC aquarium to upgrade water quality and life support systems; improve worker safety and visitor access; and refurbish exhibits. A NOAA-supported educational assessment is under way and will help enhance conservation education activities for schoolchildren in Washington, DC and the surrounding region. Visitors to the DC aquarium come from around the world and learn about our National Marine Sanctuaries through educational displays and the new exhibits. In just 2 years, NOAA investments have leveraged more than \$100,000 in in-kind support for the National Aquarium in Washington, DC.

The National Aquariums in Baltimore and Washington, DC are appreciative of NOAA support over past years. We encourage the subcommittee to continue significant funding for NOAA in future years, as we work together to protect our oceans, shorelines, fisheries, coastal communities and their economies.

PREPARED STATEMENT OF THE UNITED STATES TENNIS ASSOCIATION TENNIS AND
EDUCATION FOUNDATION

Mr. Chairman and members of the subcommittee, on behalf of the Foundation of the United States Tennis Association (USTA), we extend our sincere appreciation to the committee for the past consideration and support extended to our national youth development initiative, "Aces for Kids"—community based, nonprofit after-school and out-of-school programs that encourage healthy lifestyles, tennis, and life skills in a safe, nurturing environment for at-risk children between the ages of 5–18, particularly those in lower income communities. The specific problems addressed by this grant are: school truancy and performance, gang activity, underage drinking and drug abuse. A U.S. Department of Justice report, *Juvenile Justice Bulletin*, concluded that after-school recreation programs are a promising approach to preventing delinquency and crime.

"America's Promise" and the "No Child Left Behind" Act state that nearly 8 in 10 middle/high school youth who participate in supportive after-school programs are high achieving students. Children who regularly attend high-quality after-school programs have:

- Better grades and conduct in school,
- More academic and personal growth opportunities,
- Better peer relations and emotional adjustment,
- A stronger sense of responsibility to themselves and the community, and
- Lower incidences of drug-use, violence and teen pregnancy.

Research cites that the problems to be addressed by "Aces for Kids" are consistent across the country. Specifically that: (1) the majority of children have both parents or their only parent/caregiver in the workforce; (2) the majority of children under the age of 16 are left alone at home each week; (3) many children, especially those from low-income households, lose ground in reading skills if they are not engaged

in organized learning over the summer months; (4) school-age children who are unsupervised during out-of-school hours are more likely to receive poor grades and drop out of school than those who are involved in supervised, constructive activities; and, (5) most juvenile crime takes place between the hours of 2 p.m. and 8 p.m., and that children are also at much greater risk of being the victims of crime during these hours.

The USTA/USTA Tennis & Education Foundation recognized the importance of “Aces for Kids” prior to receiving government support and began funding programs that followed the “Aces” model in 2004. These organizations include: Arthur Ashe Youth Tennis & Education, Community Education & Tennis Association, and National Kidney Foundation-Delaware Valley, all located in Philadelphia, Pennsylvania; Abundant Waters, City Parks Foundation, New York Junior Tennis League, and Harlem Junior Tennis Program, all located in New York City; Boys & Girls Clubs of San Francisco, San Francisco, California; East Palo Alto Tennis & Tutoring, Stanford, California; Youth Tennis Advantage, Oakland, California; Net Results Junior Tennis, Denver, Colorado; Recreation Wish List Committee and Joy of Sports, both in Washington, DC; Love to Serve and Tennis Opportunity Program, both in Chicago; Baltimore Tennis Patrons, Baltimore, Maryland; Tenacity, Inc., Boston, Massachusetts; Fort Snelling Tennis & Education and Inner City Tennis, both in Minneapolis, Minnesota; First Serve-New Mexico, Santa Fe, New Mexico; NJTL of Charleston, Charlestown, South Carolina; Coldstream Junior Tennis Academy, Columbia, South Carolina; Public Tennis, Inc., Hilton Head, South Carolina; Wilson Tennis Foundation-NJTL, Wilson, South Carolina; and several dozen other programs across the country.

In October, 2005 (due date of January 13, 2006), the USTA/USTA Tennis & Education Foundation issued a first-round of requests for proposals. In Round I of “Aces for Kids,” 10 programs were selected in a competitive application and review process based upon criteria that rely on meeting the physical, social and emotional needs of children:

Aces for Kids program/location	Purpose of grant	Funded amount
Apple Ridge Farm, Roanoke, Virginia	To sponsor 50 underserved students from low income families who are living in government housing at their 9-week Summer Academic Camp.	\$15,000
MACH Academy, Aiken, South Carolina and Martinez, Georgia.	To increase outreach efforts to provide academic, nutrition, technology, and tennis/fitness activities 2 days per week after school, 4 hours per day, and 5 days per week—4 hours per day during a 2 week summer camp session and target children ages 5–18 from families that have limited parental involvement and are of a transient nature.	\$15,000
Middlesex County Grandparents Raising Grandchildren Coalition, Rahway, New Jersey.	For “Success Pathways Summer Camp-Tennis Program” which is designed to assist disabled and extremely low to low-income working grandparents and kinship caregivers in resolving their dilemma of finding affordable and nurturing summer child care.	\$25,000
National Junior Tennis League of Trenton, Pennington, New Jersey.	For the start-up of the “Mobile Information Technology Educational Support Program,” which will enhance and expand the academic, tennis, and nutritional education components by adding a traveling computer literacy program that will reach 1,000 children by Summer, 2006.	\$25,000
Prince George's Tennis & Education Foundation, Upper Marlboro, Maryland.	To continue the work and achievements of its five core programs which target approximately 400+ at-risk youth: Junior Outreach, College Preparation & Personal Development, Out of School, and Tennis Camp.	\$25,000
Rodney Street Tennis Association, Wilmington, Delaware.	To implement two Aces for Kids components: nutrition and citizenship. A part-time nutritionist will be hired to improve the nutrition of at-risk minority youth during a 10-week summer tennis program. The citizenship component will support student trips to their representatives at the city, State and Federal Government levels.	\$13,750
Southern Alabama Tennis Association, Mobile, Alabama.	To improve the lives of the youth in Mobile and Baldwin Counties. Tutoring is already done on a small scale with many staff members volunteering, and this grant will allow the program to reach 25 children, 2 days per week.	\$11,400

Aces for Kids program/location	Purpose of grant	Funded amount
Sportsmen's Tennis Club, Dorchester, Massachusetts.	General support for their programs which serve approximately 300 disadvantaged children from low-income, working families.	\$25,000
Washington Tennis & Education Foundation, Washington, DC.	For their Arthur Ashe Children's Program and WTEF Academy. Combined the programs serve over 500 students, ages 8–18, with tennis, academic and life-skills instruction. The programs are intensive, operating 2-to-3 hours a day, 4 days each week, nearly year-round for a total of approximately 6,500 hours of programming each year.	\$25,000
Youth & Tennis, Inc., Jamaica, New York	To help them increase the number of students in the program by 10 percent in addition to expanding their academic and social support services. They currently serve 1,000 children.	\$25,000

The USTA/USTA Tennis & Education Foundation is grateful for your support and is confident that our “Aces for Kids” model is a positive step in preventing crime and delinquency and encouraging healthy lifestyles and academic achievement for underserved children. In fiscal year 2007, we hope the subcommittee will support our request for \$1.5 million in funding, so that we can continue to be successful in our efforts.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES (NASULGC)

On behalf of the National Association of State Universities and Land-Grant Colleges (NASULGC), thank you for the opportunity to provide recommendations for the fiscal year 2007 budgets for the National Oceanic and Atmospheric Administration (NOAA), the National Aeronautic and Space Administration (NASA) and the National Science Foundation (NSF). We thank you for the support you have continually demonstrated for these agencies over the past several years, and know that the Senate recognizes the unique roles that NOAA, NASA and NSF each play in a number of high-priority U.S. and international initiatives. All three agencies also support research at our member institutions that provides critical information to policymakers and communities across the country. That is why we strongly recommend \$4.5 billion for NOAA; restoration of the President's proposed cuts to NASA's Earth Science R&A Account; and the President's budget request for NSF.

NOAA

In order to maintain our country's homeland security, scientific leadership, and economic competitive edge we must have a diverse portfolio of federally supported science research and programs. Consequently, we are concerned about the significant cuts made to NOAA in fiscal year 2006. The science-based work of NOAA protects and impacts every American citizen, everyday. NOAA is the third largest source of funds for academic marine research in the Federal Government.

In 2004, the U.S. Commission on Ocean Policy (USCOP) report “An Ocean Blueprint” recommended an integrated national ocean policy be developed, incorporating ecosystem-based management and end-to-end watershed monitoring. USCOP also recommended doubling the federal ocean research budget and a significant enhancement and expansion of NOAA's coastal, oceanic and atmospheric real-time observing network that will lead to better forecasts of weather events, climate conditions and impending natural hazards. Yet, even following a year with the most devastating ocean and climate-based natural disaster in recent memory, Hurricane Katrina, and in which the importance of science to American's competitiveness was noted in a number of reports such as the National Academies' “Rising Above the Gathering Storm,” NOAA is still significantly under-funded. As a member of the Friends of NOAA Coalition, NASULGC strongly recommends \$4.5 billion for NOAA in fiscal year 2007.

We thank the Senate for appropriating this same amount last year, and believe it is a reasonable recommendation when one considers that the coastal watershed counties contribute \$4.5 trillion to the U.S. economy—half of the Nation's Gross Domestic Product—and over 60 million jobs. For that relatively small amount, each American receives weather forecasting, hurricane tracking, tornado warnings, tsunami warnings, navigational information, land and building boundary specifications, fisheries management, hazard mitigation, scientific research, and local community assistance. On behalf of all of us, NOAA oversees the Nation's environmental observing networks and satellites, and provides science-based management of many

valuable marine resources. The bottom line is that NOAA affects and provides important services to all Americans, so it is time for Congress to demonstrate its commitment to the NOAA programs that are vital to our economy and to the health and well being.

As members of the oceanic and atmospheric academic community we further recommend that a portion of the additional funding, that \$4.5 billion would provide, be used to support the following programs and activities:

- \$471 million for Oceanic and Atmospheric Research (OAR), a \$100 million increase over fiscal year 2006 enacted levels, and the same amount approved by the Senate in fiscal year 2006. The basic research conducted through the OAR line office and its partnerships with universities helps us understand climate variability, provide better protection for coastal resources, contributes to our Nation's commerce, and supports our transportation systems. OAR supports such important programs as the National Sea Grant College Program, Ocean Exploration, the National Undersea Research Program, the U.S. Weather Research Program, and Climate Operations. Despite this, the President's budget request for OAR represents a \$65.8 million decrease since fiscal year 2005. Within the OAR line office, NASULGC specifically recommends:
- \$72 million for the National Sea Grant College Program, \$17.3 million increase over fiscal year 2006 enacted levels, and the same amount approved by the Senate in fiscal year 2006. Last year, Sea Grant was surprisingly cut by \$7.1 million, or 11 percent, from fiscal year 2005 enacted levels. The fiscal year 2006 enacted level of \$54.7 million was also significantly below the President's request, the House passed level, and the Senate passed level for the same year. While our fiscal year 2007 request represents a modest increase, it restores the significant reductions taken in fiscal year 2006 and is still \$28 million below the authorization for the Sea Grant program. Sea Grant is the flagship program between NOAA and the academic community that supports the work of 31 colleges located in coastal and Great Lakes States and serves as the core of a national network of more than 300 participating institutions involving more than 3,000 scientists, engineers, educators, students, and outreach experts.
- \$29.5 million in fiscal year 2007 for the extramural portions of both the NOS Ocean and Coastal Research program and the Oceans and Human Health Initiative (OHHI). Within the National Ocean Service (NOS), NASULGC supports restoration of last year's drastic cuts in competitive extramural research, bringing funding back to the more sustainable and effective level provided in fiscal year 2005. In addition, we support the appropriation of sufficient funds for full NOAA participation in collaborative NOS science programs, particularly OHHI. NOS support for extramural research conducted in cooperation with NOAA scientists is leading to improved knowledge and forecasts to address complex problems such as harmful algal blooms, hypoxia, coastal stressors and ecosystem-based management of fisheries. We ask that a minimum of \$20.5 million be provided in fiscal year 2007 to provide support for academic participation in such efforts. In addition, OHHI offers real promise for understanding the role of the oceans in human health. The initiative was funded at \$18 million in fiscal year 2005 of which \$9 million was made available to academic partners, and we ask that this support be restored.

As recipients of many of NOAA's extramural research grants, we would also appreciate bill language that asks NOAA to provide greater transparency in their budget justification of available funding for extramural research purposes. Extramural research is available throughout various programs within OAR and NOS, but the current system makes it difficult to track where the money is going.

NASA

Another area of great concern is the future prospect for Earth science activities at NASA, which now falls under the agency's Science Mission Directorate. We feel that Earth science activities are being cut because of space exploration missions. While we appreciate the President's ambitious space exploration agenda, we agree with Science Committee Chairman Boehlert's statement that "There simply is no planet more important to human beings than our own, and we're remarkably ignorant about it. NASA's Earth science mission is essential." NASA's traditional robust research and development funding has been very important for our member universities and NASULGC supports a balance between NASA's science and the human space programs at NASA.

NASA's investments in the Earth sciences fund university research that has resulted in valuable advances in weather forecasting, improved climate projections, and understanding of Earth ecosystems. Without the tools provided by NASA,

oceanographers and the Nation would have a much less complete picture of the planet's oceans and coasts.

There are suggestions that NASA's Earth Science R&A funding will be cut by almost 20 percent this year, and estimated to cut \$350–\$400 million over the next 5 years. The Research and Analysis program at NASA is the primary mechanism for funding to the academic community. Through its support for young scientists and graduate students, the R&A program supports innovation in Earth science and technology using NASA's satellite missions. New sensor concepts, new data processing algorithms, and new approaches to global-scale Earth science are the legacy of the research funded by the R&A program. It is essential that NASA maintain a balance between R&A funding and its space missions in order to derive maximum benefit from today's missions as well as to support the innovation needed to drive the missions of tomorrow. NASULGC is opposed to proposed cuts to the NASA Earth Science R&A Program.

NSF

The Nation's state universities and land-grant colleges that we represent welcome, and are excited by, the renewed national focus on scientific research and education as illustrated in the President's proposed American Competitiveness Initiative (ACI). We are extremely pleased with his proposal to double funding in the physical sciences at NSF over the next 10 years. NASULGC supports the President's NSF fiscal year 2007 budget request of \$6 billion, and specifically his proposed increases in the Geoscience Directorate.

Thank you for taking time to review our recommendations. We look forward to continue working with you towards promoting and sustaining the important NOAA, NASA, and NSF programs that enable the United States to maintain a leadership position in marine and climate science.

About NASULGC

NASULGC is the Nation's oldest higher education association. Currently the association has over 200 member institutions—including the historically black land-grant institutions—located in all 50 States. The association's overriding mission is to support high quality public education through efforts that enhance the capacity of member institutions to perform their traditional teaching, research, and public service roles.

About the Board on Oceans and Atmosphere

The Board on Oceans and Atmosphere's primary responsibility is to develop a federal relations program to advance research and education in the marine and atmospheric sciences. The board currently has approximately 200 regionally distributed members, including some of the Nation's most eminent research scientists, chief executive officers of universities, marine and atmospheric scientists, academic deans, and directors of Sea Grant programs.

PREPARED STATEMENT OF THE SURFRIDER FOUNDATION

On behalf of the Surfrider Foundation, I appreciate the opportunity to present this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation program for the San Miguel project in Puerto Rico.

The Surfrider Foundation is a non-profit environmental organization dedicated to the protection and enjoyment of the world's oceans, waves and beaches for all people, through conservation, activism, research and education. The Surfrider Foundation, is a grassroots organization with 64 chapters and over 50,000 members. We have a local chapter in Rincón, Puerto Rico and have been actively involved in coastal and ocean protection in Puerto Rico for over a decade, including the preservation of the NEC.

The Northeastern Ecological Corridor (NEC), comprising approximately 3,200 acres, is one of the Caribbean's last, great, unprotected areas. Located on the eastern corner of the main island of Puerto Rico within the municipalities of Luquillo and Fajardo, the NEC contains an extraordinary array of tropical habitats seldom found in other parts of the world. In addition to coral communities, mangroves, and pre-Columbian forests, all the different varieties of coastal wetlands found throughout Puerto Rico are represented within the NEC. The wetlands in this area are essential to the existence of a seasonal bioluminescent lagoon known as Laguna Aguas Prietas, an extremely rare biological phenomenon. The NEC is also home to several world-class surfing areas that represent some of the best surfing in the Caribbean.

The NEC's location within the foothills of the *El Yunque* Caribbean National Rain Forest adds to its great natural value and uniqueness. Originally set aside in 1876 by the Spanish Crown, the forest represents one of the oldest reserves in the Western Hemisphere and is the only tropical forest in the United States national forest system. The forest contains rare wildlife and is home to over 50 species of birds, including the Puerto Rican parrot—one of the ten most endangered species of birds in the world. The ecological diversity observed within these two related sites, varying from a coastal dry forest to a rain forest, lies within a corridor just 13 miles in length. Such diversity can only be enhanced by the conservation of NEC lands.

Available for acquisition in fiscal year 2007 is the 1,277-acre San Miguel property, consisting of three parcels within the NEC. These parcels contain extensive wetland areas contiguous to the Pitahaya, Juan Martin and Sabana rivers, and harbor an array of unique upland and wetland ecosystems. The project site includes some of the last remaining virgin forests on the island, as well as one of the last remaining unspoiled dune systems and a significant coral community immediately off shore. The property falls within the range of over 40 rare species of flora and fauna, including 16 federally threatened or endangered listed species, such as the hawksbill sea turtle, Virgin Island boa, Puerto Rican boa, brown pelican, Puerto Rican plain pigeon, West Indian manatee, and Cobana negra (a flowering plant). The area is best known, however, as one of the most important nesting grounds for leatherback sea turtles in the United States and the Caribbean. The project site also contains a variety of archeological resources, such as historical tools and structures.

At the present time, several multinational lodging corporations have proposed various mega luxury tourist-residential resorts within the NEC. One of the largest proposed developments would be built on the San Miguel tracts at the boundary of the municipalities of Luquillo and Fajardo. The San Miguel Resort would include 1,025 residential units, a 250-room resort/casino, a 175-unit hotel/casino, and two golf courses. The development would involve the filling of wetlands, channelization of rivers, and clearance of coastal vegetation, thus destroying the natural integrity of the NEC. If the San Miguel resort were to be constructed as planned, it would further deplete the limited water supplies needed by local communities, resulting in a deficit of over 4,000,000 gallons of water per day, a deficit which accounts for the water requirements of nearly 25,000 people. There is widespread concern as well about other negative impacts the development would have on this sensitive area, including destruction of wetlands and the degradation of key endangered species habitats.

Given the ongoing controversy over development of the property, including years of lawsuits, strong public opposition, and permitting difficulties, the owners have decided to make the land available for conservation. Federal agencies, the Commonwealth of Puerto Rico, and private parties have come together in an effort to preserve this remarkable coastal property. Public ownership will preserve the coastal resources, protect the rivers and wetlands, buffer *El Yunque* National Forest, and provide public beach access and recreational opportunities.

Approximately \$25 million will eventually be needed to complete the San Miguel acquisition. If this effort should fail, some form of development would likely occur on this highly sensitive property. A fiscal year 2007 appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation program is needed to further the protection of the San Miguel tracts. These funds will be matched by \$2.27 million in settlement funds from the Barge Berman Oil Spill (specifically for land acquisition), up to \$5.7 million of other oil spill settlement funds (for restoration categories), \$3 million committed by the Conservation Trust of Puerto Rico, and additional funds being raised by a local land trust and other interested private parties. I urge you to include this project in the fiscal year 2007 Commerce, Justice, and Science appropriations bill.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF THE PACIFIC SALMON COMMISSION

Mr. Chairman, my name is Roland Rousseau and I serve as an alternate commissioner on the Pacific Salmon Commission (PSC) and the chair of the Budget Committee for the U.S. Section of the Commission. The Pacific Salmon Treaty (Treaty) between the United States and Canada was entered into in 1985. A subsequent agreement was concluded in June of 1999 (1999 Agreement) that established new abundance-based fishing regimes under the treaty and made other improvements in the treaty's structure. During fiscal year 2007, the PSC will begin discussions on treaty provisions that conclude at the end of 2008. The U.S. Section recommends:

- Funding the Pacific Salmon Treaty Line Item of the National Marine Fisheries Service at \$8,000,000 for fiscal year 2007, restoring \$1,000,000 previously provided by Congress. This funding provides the technical support for the States of Alaska, Washington, Oregon and Idaho and the National Marine Fisheries Service to implement the salmon stock assessment and fishery management programs required to implement the treaty fishing regimes. Included within the total amount of \$8,000,000 is \$400,000 to continue a joint Transboundary River Enhancement program required by the treaty.
- Funding the Pacific Salmon Treaty Chinook Salmon Agreement account at \$1,844,000, level funding from that was provided by Congress for fiscal year 2006. This funding continues to be necessary to acquire the technical information to implement abundance based Chinook salmon management provided for under the 1999 Agreement.

The base treaty implementation projects include a wide range of stock assessment, fishery monitoring, and technical support activities for all five species of Pacific salmon in the fisheries and rivers from Southeast Alaska to those of Washington, Oregon, and Idaho. The States of Alaska, Washington, Oregon, and Idaho, and the National Marine Fisheries Service (NMFS), are charged with carrying out a major portion of the salmon fishery stock assessment and harvest management actions required under the treaty. Federal funding for these activities is provided through NMFS on an annual basis. The agency projects carried out under PSC funding are directed toward acquiring, analyzing, and sharing the information required to implement the salmon conservation and sharing principles of the treaty. A wide range of programs for salmon stock size assessments, escapement enumeration, stock distribution, and catch and effort information from fisheries, are represented. The information from many of these programs is used directly to establish fishing seasons and harvest levels. Congress increased this funding by \$2,000,000 in fiscal year 2005 to a total of \$8,000,000 to provide for programs needed to implement the new abundance based fishing regimes established under the 1999 Agreement. The 1999 Agreement updated provisions of the Pacific Salmon Treaty including fishing arrangements and abundance based management approaches for Chinook, southern Coho, Northern Boundary and Transboundary River fisheries. The \$400,000 that has been provided since 1988 for a joint Transboundary River enhancement program with Canada is included in this amount.

In 1996, the United States adopted an abundance-based approach to managing Chinook salmon fisheries in Southeast Alaska. Under this approach, Chinook harvest levels are based on annual estimates of Chinook abundance. This system replaced fixed harvest ceilings agreed to in 1985, which did not respond to annual fluctuations in Chinook salmon populations. Under the 1999 Agreement, this abundance based management approach was expanded to all Chinook fisheries subject to the treaty. Beginning in 1998, Congress provided \$1,844,000 to allow for the collection of necessary stock assessment and fishery management information to implement the new approach. Through a rigorous competitive technical review process, the States of Alaska, Washington, Oregon, and Idaho, and the 24 treaty tribes are using the funding to implement abundance-based Chinook salmon management coast-wide under the new agreement. The U.S. Section recommends level funding of \$1,844,000 for fiscal year 2007 to support the implementation of abundance-based Chinook salmon management.

The United States and Canada agreed to a joint salmon enhancement program on the Transboundary Rivers flowing between Canada and Southeast Alaska in 1988. Since 1989, Congress has provided \$400,000 annually for this effort through the National Marine Fisheries Service International Fisheries Commission line item under the Conservation and Management Operations activity. Canada provides an equal amount of funding and support for this bilateral program. This funding is included in the \$8,000,000 the U.S. Section is recommending for the fiscal year 2007 Pacific Salmon Treaty line item.

This concludes the statement of the U.S. Section of the PSC submitted for consideration by your committee. We wish to thank the committee for the support that it has given us in the past.

PREPARED STATEMENT OF THE WASHINGTON STATE DEPARTMENT OF ECOLOGY

On behalf of the Washington State Department of Ecology, I appreciate the opportunity to present this testimony in support of an appropriation of \$2 million from NOAA's Coastal and Estuarine Land Conservation program for the Turner's Bay project in Washington State.

The mission of the Washington State Department of Ecology is to protect, preserve, and enhance Washington's environment, and promote wise management of our air, land, and water for the benefit of current and future generations. The Washington State Department of Ecology manages a wide variety of programs, including the Coastal and Estuarine Land Conservation program.

Made up of a series of underwater valleys and ridges, Washington's Puget Sound is an estuary where salt water from the ocean mixes with fresh water from the many rivers and streams of the surrounding land. The 2,500-mile of shoreline is a mosaic of beaches, bluffs, deltas, mudflats, and wetlands. While much of the sound is healthy, recent growth and development in the region are stressing its ecosystem. Water pollution and sediments laden with toxic pollutants threaten the water quality of Puget Sound, which has seen sharp declines in populations of salmon, orcas, marine birds and rockfish. Nearly 85 percent of the basin's annual surface water runoff comes from 10 rivers, one of which is the Skagit River. The Skagit River delta is a biologically rich and complex area characterized by tidal marshes and flats, shrub/scrub wetlands, and prolific agricultural areas. The delta's river system sustains viable runs of all five species of Pacific salmon. In all, the delta provides habitat for more than 300 species of fish and wildlife, including eight federally endangered or threatened species.

Available for acquisition in fiscal year 2007 is the 456-acre Turner's Bay project, which lies within the Skagit delta. This property includes approximately 38 acres of tidelands and estuarine wetlands, 27 acres of tidal influenced shorelands (including a 4.2-acre spit) and an adjacent 391 acres of mixed deciduous/conifer forested uplands and wetlands, all located at the northern boundary of the Swinomish Reservation. Small forested wetlands border the southern end of the subject property. The length of shoreline to be acquired, including the spit, is approximately 7,180 feet.

Turner's Bay provides critical habitat for waterfowl, blue herons, juvenile salmon, shellfish and other aquatic life. Bald eagles are commonly seen foraging in the bay. The property contains the largest stretch of undeveloped estuarine habitat on the reservation and one of the largest of such areas remaining in the Skagit Bay system.

The Skagit delta is a popular recreation area for kayakers, shellfish harvesters, beachcombers, and birdwatchers. The public access provided by the Turner's Bay project would increase the availability of coast-dependent and nature-based recreation. The spit and undeveloped shoreline along the bay provide a unique natural environment—sandy shores, prolific tidelands, and rich wetlands—for the public to explore and enjoy. Turner's Bay is located along the Cascadia Marine Trail, a water trail that stretches from Olympia in south Puget Sound to Canada. The Cascadia Trail is a well-traveled route of many boaters exploring Puget Sound or heading farther north to the San Juan Islands.

The project area is also located just south of Highway 20, a State-designated scenic byway that runs the length of Whidbey Island to the west and provides a scenic east-west route across the Skagit Valley. The Washington State Department of Ecology manages the nearby 11,000-acre Padilla Bay National Estuarine Research Reserve which is funded by the National Oceanic and Atmospheric Administration. The area surrounding Turner's Bay and the greater Skagit Valley is under increasing development pressure as population in the Puget Sound basin continues to grow and spread from urban centers. Undeveloped, undisturbed waterfront property is an increasingly threatened commodity in Puget Sound, as retirees and owners of vacation homes discover the beauty of the Puget Sound shoreline. Acquisition of this parcel is a unique opportunity to preserve an enclave of pleasing and natural views amid a growing sea of suburban development.

Turner's Bay is of significant cultural importance to the Swinomish Tribe. Three archaeological sites have been identified along the shoreline in previous surveys. More significantly, Turner's Bay is a traditional subsistence shellfish harvest area for tribal members. The harvest and consumption of shellfish from tribal homelands is also an important cultural practice of tribal members and is central to Swinomish cultural identity. For this reason, the tribe would like to work with the State to acquire these tidelands, shorelands, and forested uplands that shelter and protect the quality of Turner's Bay. The tribe wishes to ensure appropriate stewardship of the abundant resources in the subject area. Additionally, some historians consider the spit in Turner's Bay to be a possible landing site of Captain George Vancouver's Puget Sound exploration party, as it fits the description and approximate location of one of their reported survey sites as they explored the area.

A fiscal year 2007 appropriation of \$2 million from the Coastal and Estuarine Land Conservation program will ensure the protection of this ecologically and culturally significant site on Turner's Bay, and I respectfully request that you to in-

clude this project in the Fiscal Year 2007 Commerce, Justice, and Science appropriations bill.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL
CALIFORNIA OZONE STUDY (CCOS) COALITION

Mr. Chairman and members of the subcommittee: On behalf of the California Industry and Government Central California Ozone Study (CCOS) Coalition, we are pleased to submit this statement for the record in support of our fiscal year 2007 funding request of \$150,000 from the Department of Commerce/NOAA account for CCOS. These funds are necessary for the State of California to address the very significant challenges it faces to comply with new national ambient air quality standards for ozone and fine particulate matter. The study design incorporates recent technical recommendations from the National Academy of Sciences (NAS) on how to most effectively comply with Federal Clean Air Act requirements.

First, we want to thank you for your past assistance in obtaining federal funding for the Central California Ozone Study (CCOS) and California Regional PM₁₀/PM_{2.5} Air Quality Study (CRPAQS). Your support of these studies has been instrumental in improving the scientific understanding of the nature and cause of ozone and particulate matter air pollution in Central California and the Nation. Information gained from these two studies is forming the basis for the 8-hour ozone, PM_{2.5}, and regional haze State Implementation Plans (SIPs) that are due in 2007 (ozone) and 2008 (particulate matter/haze). As with California's previous SIPs, the 2007–2008 SIPs will need to be updated and refined due to the scientific complexity of our air pollution problem. Our request this year would fund the completion of CCOS to address important questions that won't be answered with results from previously funded research projects.

To date, our understanding of air pollution and the technical basis for SIPs has largely been founded on pollutant-specific studies, like CCOS. These studies are conducted over a single season or single year and have relied on modeling and analysis of selected days with high concentrations. Future SIPs will be more complex than they were in the past. The National Academy of Sciences (NAS) is now recommending a weight-of-evidence approach that will involve utilizing more broad-based, integrated methods, such as data analysis in combination with seasonal and annual photochemical modeling, to assess compliance with Federal Clean Air Act requirements. This will involve the analysis of a larger number of days and possibly an entire season. In addition, because ozone and particulate matter are formed from some of the same emissions precursors, there is a need to address both pollutants in combination, which CCOS will do.

Consistent with the new NAS recommendations, the CCOS study includes corroborative analyses with the extensive data provided by past studies, advances the state-of-science in air quality modeling, and addresses the integration of ozone and particulate pollution studies. In addition, the study will incorporate further refinements to emission inventories, address the development of observation-based analyses with sound theoretical bases, and includes the following four general components:

- Performing SIP modeling analyses, 2005–2011
- Conducting weight-of-evidence data analyses, 2006–2008
- Making emission inventory improvements, 2006–2010
- Performing seasonal and annual modeling, 2008–2011

CCOS is directed by Policy and Technical Committees consisting of representatives from Federal, State, and local governments, as well as private industry. These committees, which managed the San Joaquin Valley Ozone Study and are currently managing the California Regional Particulate Air Quality Study, are landmark examples of collaborative environmental management. The proven methods and established teamwork provide a solid foundation for CCOS.

For fiscal year 2007, our coalition is seeking funding of \$150,000 from the Department of Commerce/NOAA account in support of CCOS. California has a very complex terrain that includes mountain ranges, flat valleys, and long coastal regions. Some meteorological models are known to have difficulty in simulating high-resolution airflow over such complex terrain. NOAA has a vast amount of experience in applying meteorology models in several different areas of the country and their scientific know-how is a valuable asset to CCOS. This request will be used to continue NOAA's involvement in developing meteorological simulations for Central California, specifically longer-term simulations of seasonal and annual meteorology. The

long-term record of meteorological data in the CCOS database can be used to improve NOAA's meteorological forecasting abilities and in the evaluation of U.S. western boundary conditions for weather forecasting models.

As you know, NOAA is at the scientific forefront of the development of meteorological models including the Weather Research and Forecasting (WRF) model that is viewed as a replacement for the Mesoscale Meteorology Model, Version 5 (MM5). Thus, NOAA's involvement would facilitate the use of CCOS measurements in the development and refinement of WRF. In addition, NOAA has conducted prior research in the CCOS region on atmospheric airflows, sea breeze circulation patterns, nocturnal jets and eddies, airflow bifurcation, convergence and divergence zones, up-slope and down-slope flows, and up-valley and down-valley airflow. Thus, CCOS provides the opportunity to draw from or extend this research for a longer, multi-year time period. This research provides fundamental data needed to understand airflow over complex terrain, and has national applicability.

Thank you very much for your consideration of our request.

PREPARED STATEMENT OF THE AMERICAN GEOLOGICAL INSTITUTE

To the chairman and members of the subcommittee: The American Geological Institute (AGI) supports fundamental Earth science research sustained by the National Science Foundation (NSF), the National Oceanic and Atmospheric Administration (NOAA), the National Institute of Standards and Technology (NIST) and the National Aeronautics and Space Administration (NASA). This frontier research has fueled economic growth, mitigated losses and sustained our quality of life. The subcommittee's leadership in expanding the federal investment in basic research is even more critical as our Nation competes with rapidly developing countries, such as China and India, for energy, mineral, air and water resources. Our Nation needs skilled geoscientists to help explore, assess and develop Earth's resources in a strategic, sustainable and environmentally-sound manner and to help understand, assess and reduce our risks to natural hazards. AGI supports full funding as authorized for NSF's EarthScope project and Research and Related Activities; full funding for NOAA's and NASA's Earth observing campaigns; and authorized support for NIST's and NSF's responsibilities in the National Earthquake Hazards Reduction Program (NEHRP).

The President's American Competitiveness Initiative calls for a doubling of physical science research funding in key federal agencies, while Bush's Advanced Energy Initiative calls for significant increases in energy research support. Both initiatives also include much needed support for education in the physical sciences and some specific incentives for education in the energy resources sector. Such initiatives are strongly supported by AGI.

AGI is a nonprofit federation of 44 geoscientific and professional societies representing more than 100,000 geologists, geophysicists, and other Earth scientists. Founded in 1948, AGI provides information services to geoscientists, serves as a voice for shared interests in our profession, plays a major role in strengthening geoscience education, and strives to increase public awareness of the vital role the geosciences play in society's use of resources and interaction with the environment.

NSF.—We applaud the President's request for an 8 percent increase in the overall budget for NSF and a 6 percent increase for the Geosciences Directorate. We hope that the subcommittee shares this commitment and can continue to strengthen our physical science research and education foundation through annual budget increases. Congress wisely authorized increased funding for NSF in Public Law 107-368, such that the total NSF budget would increase to \$9.84 billion in fiscal year 2007, however, NSF only received about \$5.6 billion in fiscal year 2006 and remains well short of this effective science policy objective. Although NSF remains underfunded, Congress and the administration are proposing annual increases to NSF's budget over the next 7 to 10 years.

AGI believes that such a forward-looking investment in tight fiscal times will pay important dividends in future development and innovation that drives economic growth, especially in critical areas of sustainable and economic natural resources and reduced risks from natural hazards.

NSF Geosciences Directorate.—The Geosciences Directorate is the principal source of federal support for academic Earth scientists and their students who are seeking to understand the processes that ultimately sustain and transform life on this planet. The President's budget proposal requests an increase of 6 percent (~\$42 million) for a total budget of about \$745 million, which AGI strongly supports. We would encourage increases in funding to allow NSF to strengthen core research by increasing the number and duration of grants. Now is the time to boost Earth science re-

search and education to fill the draining pipeline of skilled geoscientists and geo-engineers working in the energy industry; the construction industry, particularly on levees and dams; the environmental industry; the academic community, particularly on understanding natural hazards and the sustainability of our natural resources; the primary federal Earth science agencies, such as the United States Geological Survey; and in all areas of education.

NSF Major Research Equipment Account.—AGI urges the subcommittee to support the Major Research Equipment, Facilities and Construction budget request of \$27.4 million for EarthScope. We also support funding of \$42.88 million to complete construction of the Scientific Ocean Drilling Vessel, \$13.5 million to begin construction of the Ocean Observatories Initiative (OOI) and \$56 million to begin construction of the Alaska Region Research Vessel.

EarthScope—begun thanks to the previous subcommittee's support in fiscal year 2003—will systematically survey the structure of Earth's crust beneath North America, imaging faults at depth, hidden faults and other structures that range from hazardous to economically-valuable. The fiscal year 2007 request includes continued support for deployment of three components: a dense array of digital seismometers across the country; a 4-km deep borehole through the San Andreas Fault, housing a variety of instruments that can continuously monitor the conditions within the fault zone; and a network of state-of-the-art Global Positioning System (GPS) stations and sensitive strain meters to measure the deformation of the constantly shifting boundary between the Pacific and North American tectonic plates in an area susceptible to large earthquakes and tsunamis.

EarthScope has very broad support from the Earth science community and received a very favorable review from the National Research Council's 2001 report entitled "Review of EarthScope Integrated Science". All data from this project will be available in real time to scientists, students and the public, providing a tremendous opportunity for research and learning about Earth. Involving the public in Earth science research will increase appreciation of how such research can lead to improvements in understanding the environment, utilizing natural resources and mitigating natural hazards. EarthScope can also provide a mechanism to integrate a broad array of Earth science research data in a unified system to promote cross-disciplinary research and avoid duplication of effort.

NSF Support for Earth Science Education.—Congress can improve the Nation's scientific literacy by supporting the full integration of Earth science information into mainstream science education at the K–12 and college levels. AGI strongly supports a new grant program in the Geosciences Directorate called GEO-TEACH, which will support projects to improve the quality of geosciences instruction, primarily at middle to high school levels. We also support the Math and Science Partnership (MSP) program, a competitive peer-reviewed grant program that funds only the highest quality proposals at NSF. The NSF's MSP program focuses on modeling, testing and identification of high-quality math and science activities whereas the Department of Education MSP program does not. The NSF and Department of Education MSP programs are complementary and are both necessary to continue to reach the common goal of providing world-class science and mathematics education to elementary and secondary school students. AGI opposes the transfer of the MSP from NSF to the Department of Education.

Improving geoscience education to levels of recognition similar to other scientific disciplines is important because:

- Geoscience offers students subject matter that has direct application to their lives and the world around them, including energy, minerals, water and environmental stewardship.
- Geoscience exposes students to a diverse range of interrelated scientific disciplines. It is an excellent vehicle for integrating the theories and methods of chemistry, physics, biology, and mathematics.
- Geoscience awareness is a key element in reducing the impact of natural hazards on citizens—hazards that include earthquakes, volcanic eruptions, hurricanes, tornadoes, and floods. For example, lives were saved in the tragic Indian Ocean tsunami by a 12-year-old girl who understood the warning signs of an approaching tsunami and warned others to seek higher ground after completing an Earth science class.
- Geoscience provides the foundation for tomorrow's leaders in research, education, utilization and policy making for Earth's resources and our Nation's strategic, economic, sustainable and environmentally-sound natural resources development.

NOAA.—AGI applauds the President's request for increased funding for the National Weather Service and the National Environmental Satellite, Data and Information Service (NESDI) within NOAA. The National Weather Service budget in-

cludes support for weather data buoys, strengthening the U.S. tsunami warning program, support of the Air Quality Forecasting Program, support for the Space Environment Center, support for the U.S. Weather Research Program, and continued implementation of the Advanced Hydrological Prediction Services. AGI also supports the proposed increased funding for NESDI for the development of the geostationary operational environmental satellite (GOES-R) and the National Polar-Orbiting Operational Environmental Satellite System (NPOESS). Both satellite systems will maintain a global view of the planet to continuously watch for atmospheric triggers of severe weather conditions such as tornadoes, flash floods, hailstorms, and hurricanes. The Office of Oceanic and Atmospheric Research and the Office of National Ocean Service have large proposed budget cuts to their overall budgets that would decimate vital programs related to the health and sustainability of the ocean, protecting coastlines and atmospheric research. AGI asks that these large reductions be minimized through congressional consideration of oceanic and coastal priorities in this post-Katrina fiscal year.

NIST.—For fiscal year 2007, the President's request calls for \$2 million for earthquakes, wind hazards, wildfires at the urban interface and complex systems-multi-hazards analysis at NIST. About 70 percent of these funds will be directed toward the National Earthquake Hazards Reduction Program (NEHRP) and wind hazards. AGI strongly supports funding for NEHRP within NIST. NIST is the lead agency for NEHRP (authorized to receive \$6 to \$13 million over 5 years), but has never received any funding in the past. AGI strongly supports NEHRP funds for NIST and we further support the proposed increases in funding for core laboratory functions at NIST to ensure that NEHRP funds are protected.

NASA.—AGI supports the vital Earth observing programs within NASA. Currently the topography of Mars has been measured at a more comprehensive and higher resolution than Earth's surface. While AGI is excited about space exploration and the President's Vision for Exploration, we firmly believe that NASA's Earth observing program is effective and vital to solving global to regional puzzles about Earth systems, such as how much and at what rate is the climate changing. The Earth-Sun System within the Science Mission Directorate funds the agency's Earth science programs. AGI strongly supports the requested increase in funding for the Landsat Data Continuity Mission, which will ensure support for the launch of a new Landsat satellite and the transfer of the data to the United States Geological Survey. Unfortunately other vital Earth science programs will be cut and missions will be delayed because of proposed budget reductions within the Earth-Sun System. AGI hopes these small reductions can be restored to ensure NASA's unique Earth observations.

I appreciate this opportunity to provide testimony to the subcommittee and would be pleased to answer any questions or to provide additional information for the record. I can be reached at 703-379-2480 ext. 228 (voice), 703-379-7563 (fax), rowan@agiweb.org, or 4220 King Street, Alexandria VA 22302-1502.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF PLANT BIOLOGISTS

Thank you, Mr. Chairman, for the opportunity for the American Society of Plant Biologists (ASPB) to present this testimony in support of the President's fiscal year 2007 budget request for the National Science Foundation. We urge the committee to support the President's American Competitiveness Initiative and its request for an increase of \$439 million for the National Science Foundation. The proposed budget for NSF represents a 7.9 percent increase to \$6 billion. The President's proposed increase for the Biological Sciences Directorate is \$31 million, or 5.4 percent.

This level of funding will enable NSF to continue to play its key role in establishing a leadership position for the United States in science and technology. U.S. leadership in a wide range of science disciplines is needed to compete and survive in the increasingly challenging global market.

The ACI will double investment in research over 10 years sponsored by the National Science Foundation, Department of Energy Office of Science and National Institute of Standards and Technology (NIST).

The ACI provides increased investment in research needed for continued growth of the Nation's economy. The Nation's ability to generate job-creating industries, remain competitive in the global market and improve the quality of life of consumers would be enhanced through committee approval of The President's fiscal year 2007 budget request implementing ACI.

Shifts are occurring in the world with regard to ability to attract science talent and in relation to government and private investment in research. Indicators such as number of scientists entering the workforce and increased success in publishing

research findings in peer-reviewed science journals show that the United States may encounter increased difficulties in competing with what are now considered developing nations.

China, India, South Korea and other developing nations are following national policies that are increasing their capacity and strength in science and technology.

China is an excellent example for further consideration of what world neighbors/global competitors are doing in science and science-related industries. A huge workforce of qualified and inexpensive talent in science, combined with a market of 1.3 billion consumers is making China particularly attractive to multinational companies.

Four years ago, there were 200 foreign-invested research and development centers in China. Today there are some 750. As the Wall Street Journal reported March 13, 2006, Procter & Gamble Co. opened a research arm in China in 1988 with just two dozen employees. Back in 1988, P&G employees in China mainly studied Chinese consumer laundry habits and oral hygiene. Today, P&G runs five R&D facilities in China with approximately 300 researchers. They work "on everything from Crest toothpaste to Oil of Olay face cream." New formulations of Tide laundry detergent developed in the China-based facilities now sell in markets beyond China, including other parts of Asia, Eastern Europe and Latin America.

"We are developing capabilities in China that we can use globally," P&G Technology Director in Beijing Dick Carpenter explained.

In addition to a huge talent pool, including about 1 million university graduates each year in science or engineering, China is offering its students in the United States and other nations incentives to return once they graduate. These incentives include generous research grants and chances to run their own R&D projects. Science graduates returning to China can secure enough backing to build up their own lab and even extend their research in one direction for about 10 years, the Wall Street Journal article noted.

In the United States, that same science graduate would face extraordinary competition to win a federally sponsored research grant award. In some areas of study in the United States, the chances of a scientist succeeding with a competitive grant application is no better than one in ten. Failure to win research grant awards translates into an abbreviated science career in academic research.

China's central government plans to increase spending on science and technology by nearly 20 percent this year. "China has entered a stage in its history where it must increase its reliance on scientific and technological advances and innovation to drive social and economic development," commented Chinese Premier Wen Jiabao.

The United States continues to rely heavily on science students from China and other nations to remain in the United States after graduation to build their careers and new job-creating technologies. However, more graduates are expected to return home to China and other countries where opportunities in science careers are now perceived to be brighter. With the United States already conceding far lower labor, land and building costs to global competitors such as China and other nations, how long will our Nation be able to compete if we also concede preeminence in science and technology?

If science and technology research and development follow textile, steel, U.S. company-based auto production, and other manufacturing industries moving beyond our borders, the United States, already laboring under record trade deficits, will be weaker on a relative scale to the new "producer nations."

More record trade deficits and higher interest rates for our increasingly debtor Nation could be expected to result—significantly driving up the costs to the federal budget for debt service. It is possible that the cost of the total federal science budget in future years would be just a fraction of the cost of the increase in federal debt service if the United States loses science and technology preeminence.

NSF is the leading supporter of university-based research in many key areas, including plant science. Contributions by universities conducting NSF-supported research to the local economy also contribute to a stronger national economy. With the higher labor, housing, transportation, commercial and industrial property and related costs found in the United States compared to a number of world nation competitors, federal investment in science and education through support of NSF is desperately needed to help keep the Nation's businesses capable of competing.

NSF support for basic plant research contributes to the local economies nationwide, including rural areas, while helping to secure the food supply of all Americans. As the first step of every food chain, plants and research on plants plays an essential role in meeting the nutritional needs of people here and abroad. The NSF Directorate for Biological Sciences sponsors examination of basic research questions on plants and other organisms. A number of plant research discoveries were cited

by NSF among its most significant advances in science over the first 50 years of the agency's existence.

NSF supports world leading plant genomic research as part of the Plant Genome Research Program. The National Plant Genome Initiative Progress Report was published January 2005 by the National Science and Technology Council Committee on Science Interagency Working Group on Plant Genomes. The report noted, "Plant genome research holds enormous promise for solving global problems in agriculture, health, energy and environmental protection. Much still remains to realize this potential and the U.S. scientific community is clearly working toward that goal."

The report cited the importance of research on economically important crops and on the model plant, *Arabidopsis thaliana*—a plant with a small and simple genome. Knowledge gained from the *Arabidopsis* genome facilitates understanding of other economically important plants through use of comparative genomics. The *Arabidopsis* 2010 Project within NSF will provide scientists with knowledge of the function of each gene in *Arabidopsis*. This will lead to similar discoveries in crops grown by America's farmers. This knowledge will help scientists to develop superior crops that are domestic sources of food, fuel, industrial chemicals, fiber and pharmaceutical products. These advances will significantly benefit America's farmers and consumers.

Again, we urge you to support The President's American Competitiveness Initiative, including the NSF Budget Request for 2007.

ASPB is a non-profit society representing nearly 6,000 scientists conducting research primarily at universities. ASPB's membership also includes scientists in federal service and in private commerce. We publish the two most widely cited journals in plant science, *The Plant Cell* and *Plant Physiology*. Please let us know if we could provide any additional information.

Thank you for your continued strong support of science research and education.

PREPARED STATEMENT OF THE GREAT LAKES INDIAN FISH AND WILDLIFE
COMMISSION

Agency involved: Department of Justice.

Program involved: COPS Tribal Resources Grant Program (TRGP).

Summary of GLIFWC's Fiscal Year 2007 Testimony

GLIFWC requests that Congress: (1) specifically authorize eligibility for tribes' special law enforcement agencies, including fish and wildlife departments and game wardens, to participate in the COPS Tribal Resources Grant Program,¹ and (2) support the administration's proposal to fund this program at \$31,650,000 in fiscal year 2007, an increase of \$16,650,000 above last year's congressional appropriation.

Disclosure of DOJ Grants Contracted

GLIFWC is an intertribal organization which, under the direction of its member tribes, implements federal court orders governing tribal harvests of off-reservation natural resources and the formation of conservation partnerships to protect and enhance natural resources within the 1836, 1837, and 1842 ceded territories. Under COPS Tribal Resources Grant Program, GLIFWC contracted:

- \$108,034 in fiscal year 2004 for the purpose of purchasing patrol vehicles (three patrol trucks, an ATV and a snowmobile), digital cameras, and providing instructor development and basic recruit training; and
- \$98,444 in fiscal year 2005 for the purpose of purchasing thermal imaging and digital cameras, continuing instructor certification and providing basic recruit re-certification training, and supplying standard issue items.

¹ Unlike previous years and without notice or explanation, the Fiscal Year 2006 Application Guide for the TRGP provides: Special law enforcement agencies such as fish and wildlife departments, game wardens, park and recreation departments, and environmental protection agencies are not eligible to apply under this program at this time.



Ceded Territory Treaty Rights and GLIFWC'S Role

GLIFWC was established in 1984 as a "tribal organization" within the meaning of the Indian Self-Determination Act (P.L. 93-638). It exercises authority delegated by its member tribes to implement federal court orders and various interjurisdictional agreements related to their treaty rights. GLIFWC assists its member tribes in:

- securing and implementing treaty guaranteed rights to hunt, fish, and gather in Chippewa treaty ceded territories; and
- cooperatively managing and protecting ceded territory natural resources and their habitats.

For the past 22 years, Congress and administrations have funded GLIFWC through the BIA, Department of Justice and other agencies to meet specific federal obligations under: (a) a number of US/Chippewa treaties; (b) the federal trust responsibility; (c) the Indian Self-Determination Act, the Clean Water Act, and other legislation; and (d) various court decisions, including a 1999 United States Supreme Court case, affirming the treaty rights of GLIFWC's member tribes. GLIFWC serves as a cost efficient agency to conserve natural resources, to effectively regulate harvests of natural resources shared among treaty signatory tribes, to develop cooperative partnerships with other government agencies, educational institutions, and non-governmental organizations, and to work with its member tribes to protect and conserve ceded territory natural resources.

Under the direction of its member tribes, GLIFWC operates a ceded territory hunting, fishing, and gathering rights protection/implementation program through its staff of biologists, scientists, technicians, conservation enforcement officers, and public information specialists.

Community-Based Policing

GLIFWC's officers carry out their duties through a community-based policing program. The underlying premise is that effective detection and deterrence of illegal activities, as well as education of the regulated constituents, are best accomplished if the officers live and work within tribal communities that they primarily serve. The officers are based in 10 satellite offices located on the reservations of the following member tribes: In Wisconsin—Bad River, Lac Courte Oreilles, Lac du Flambeau, Red Cliff, Sokaogon Chippewa (Mole Lake) and St. Croix; in Minnesota—Mille Lacs; and in Michigan—Bay Mills, Keweenaw Bay and Lac Vieux Desert.

Interaction With Law Enforcement Agencies

GLIFWC's officers are integral members of regional emergency services networks in Minnesota, Michigan and Wisconsin. They not only enforce the tribes' conservation codes, but are fully certified officers who work cooperatively with surrounding authorities when they detect violations of State or federal criminal and conservation laws. These partnerships evolved from the inter-governmental cooperation required

to combat the violence experienced during the early implementation of treaty rights in Wisconsin. As time passed, GLIFWC's professional officers continued to provide a bridge between local law enforcement and many rural Indian communities. GLIFWC remains at this forefront, using DOJ funding to develop inter-jurisdictional legal training attended by GLIFWC officers, tribal police and conservation officers, tribal judges, tribal and county prosecutors, and State and federal agency law enforcement staff. DOJ funding has also enabled GLIFWC to certify its officers as medical emergency first responders trained in the use of defibrillators, and to train them in search and rescue, particularly in cold water rescue techniques. When a crime is in progress or emergencies occur, local, State, and federal law enforcement agencies look to GLIFWC's officers as part of the mutual assistance networks of the ceded territories. These networks include the Wisconsin Department of Natural Resources, Minnesota Department of Natural Resources, Michigan Department of Natural Resources, U.S. Coast Guard, USDA-Forest Service, State Patrol and Police, county sheriffs departments, municipal police forces, fire departments and emergency medical services.

GLIFWC Programs Funded By DOJ

GLIFWC recognizes that adequate communications, training, and equipment are essential both for the safety of its officers and for the role that GLIFWC's officers play in the proper functioning of interjurisdictional emergency mutual assistance networks in the ceded territories. GLIFWC's COPS grants for the past 6 years have provided a critical foundation for achieving these goals. Significant accomplishments with Tribal Resources Grant Program funds include:

Improved Radio Communications and Increased Officer Safety.—GLIFWC replaced obsolete radio equipment to improve the capacity of officers to provide emergency services throughout the Chippewa ceded territories. GLIFWC also used COPS funding to provide each officer a bullet-proof vest, night vision equipment, and in-car video cameras to increase officer safety.

Emergency Response Equipment and Training.—Each GLIFWC officer has completed and maintains certification as a first responder and in the use of life saving portable defibrillators. Since 2003, GLIFWC officers carried first responder kits and portable defibrillators during their patrol of 275,257 miles throughout the ceded territories. In remote, rural areas the ability of GLIFWC officers to respond to emergencies provides critical support of mutual aid agreements with Federal, State, and local law enforcement agencies.

Ice Rescue Capabilities.—Each GLIFWC officer maintains certification in ice rescue techniques and was provided a Coast Guard approved ice rescue suit. In addition, each of GLIFWC's 10 reservation satellite offices was provided a snowmobile and an ice rescue sled to participate in interagency ice rescue operations with county sheriffs departments and local fire departments.

Wilderness Search and Rescue Capabilities.—Each GLIFWC officer completed wilderness search and rescue training. The COPS Tribal Resources Grant Program also enabled GLIFWC to replace a number of vehicles that were purchased over a decade ago, including 10 ATV's and 16 patrol boats and the GPS navigation system on its 31 foot Lake Superior patrol boat. These vehicles are used for field patrol, cooperative law enforcement activities, and emergency response in the 1837 and 1842 ceded territories. GLIFWC officers also utilize these vehicles for boater, ATV, and snowmobile safety classes taught on Reservations as part of the Commission's Community Policing Strategy.

Hire, Train and Equip Three Additional Officers.—Funding has been contracted to provide three additional officers to ensure tribes are able to meet obligations to both enforce off-reservation conservation codes and effectively participate in the myriad of mutual assistance networks located throughout a vast region covering 60,000 square miles.

Consistent with numerous other federal court rulings on the Chippewa treaties, the United States Supreme Court re-affirmed the existence of the Chippewa's treaty-guaranteed usufructuary rights in *Minnesota v. Mille Lacs Band*, 526 U.S. 172 (1999). As tribes have re-affirmed rights to harvest resources in the 1837 ceded territory of Minnesota, workloads have increased. But for GLIFWC's COPS grants, this expanded workload, combined with staff shortages would have limited GLIFWC's effective participation in regional emergency services networks in Minnesota, Michigan and Wisconsin. The effectiveness of these mutual assistance networks is more critical than ever given: (1) national homeland security concerns, (2) State and local governmental fiscal shortfalls, (3) staffing shortages experienced by local police, fire, and ambulance departments due to the call up of National Guard and military reserve units, and (4) the need to cooperatively combat the spread of methamphetamine production in rural areas patrolled by GLIFWC conservation officers.

Examples of the types of assistance provided by GLIFWC officers are provided below:

- As trained first responders, GLIFWC officers routinely respond to, and often are the first to arrive at, snowmobile accidents, heart attacks, hunting accidents, and automobile accidents (throughout the ceded territories) and provide sheriffs departments valuable assistance with natural disasters (e.g. floods in Ashland County and a tornado in Siren, Wisconsin).
- Search and rescue for lost hunters, fishermen, hikers, children, and the elderly (Sawyer, Ashland, Bayfield, Burnett, and Forest Counties in Wisconsin and Baraga, Chippewa, and Gogebic Counties in Michigan).
- Being among the first to arrive on the scene where officers from other agencies have been shot (Bayfield, Burnett, and Polk Counties in Wisconsin) and responding to weapons incidents (Ashland, Bayfield, Burnett, Sawyer, and Vilas Counties in Wisconsin).
- Use of a thermal imaging camera (purchased through the COPS program) to track an individual fleeing the scene of an accident (Sawyer County, Wisconsin).
- Organize and participate in search and rescues of ice fishermen on Lake Superior (Ashland and Bayfield Counties in Wisconsin), Lake Superior boats (Baraga County in Michigan and with the U.S. Coast Guard in other parts of western Lake Superior), and kayakers (Bayfield County in Wisconsin).

GLIFWC is proposing to utilize DOJ TRGP funding for training and equipment to: (1) recognize, secure and respond appropriately to potential methamphetamine production sites, (2) identify addicts while on patrol, and (3) improve community awareness through hunter safety classes. Simply put, supporting GLIFWC's officers will not only assist GLIFWC in meeting its obligations to enforce tribal off-reservation codes, but it will enhance intergovernmental efforts to protect public safety and welfare throughout the region in the States of Wisconsin, Minnesota, and Michigan. The COPS Tribal Resources Grant Program provides essential funding for equipment and training to support GLIFWC's cooperative conservation, law enforcement, and emergency response activities. We ask Congress to support increased funding for this program.

PREPARED STATEMENT OF FLORIDA STATE UNIVERSITY

Mr. Chairman, I would like to thank you and the members of the subcommittee for this opportunity to present testimony before this committee. I would like to take a moment to briefly acquaint you with Florida State University.

Located in Tallahassee, Florida's capitol, Florida State University is a comprehensive Research I university with a rapidly growing research base. The university serves as a center for advanced graduate and professional studies, exemplary research, and top-quality undergraduate programs. Faculty members at FSU maintain a strong commitment to quality in teaching, to performance of research and creative activities, and have a strong commitment to public service. Among the current or former faculty are numerous recipients of national and international honors including Nobel laureates, Pulitzer Prize winners, and several members of the National Academy of Sciences. Our scientists and engineers do excellent research, have strong interdisciplinary interests, and often work closely with industrial partners in the commercialization of the results of their research. Florida State University had over \$182 million this past year in research awards.

Florida State University attracts students from every State in the Nation and more than 100 foreign countries. The university is committed to high admission standards that ensure quality in its student body, which currently includes National Merit and National Achievement Scholars, as well as students with superior creative talent. We consistently rank in the top 25 among U.S. colleges and universities in attracting National Merit Scholars to our campus.

At Florida State University, we are very proud of our successes as well as our emerging reputation as one of the Nation's top public research universities.

Mr. Chairman, let me summarize our primary interests today.

In 2004, Congress funded a project for Florida to share its exemplary juvenile justice education program model with other States in order to assist them in their respective implementation of No Child Left Behind (NCLB). In fiscal year 2005, Phase I, the project's staff initiated a series of activities to establish collaborative working partnerships with each State. The activities included: conducting a national survey of each State's juvenile justice education practices; holding a national meeting involving key constituents from each State to review the project's purposes, discussing the national survey findings; reviewing the NCLB requirements and Florida's program components and practices; and agreeing upon a grouping of States with simi-

lar systems and NCLB challenges. From this agreed upon grouping of States, preliminary plans for each State's implementation of the NCLB requirements for juvenile justice education systems were drafted for follow-up review by each State.

In fiscal year 2007, Phase II, the project will extend this effort by holding a series of meetings with different State groups to review, discuss and reach consensus upon each State's final plan for implementation of the NCLB requirements. The final implementation plans will be informed by the implementation experiences and impediments that Florida confronted and overcame. Additionally, the thoughts, concerns and potential solutions that the key State constituents provide will be incorporated into each State's implementation plan to ensure consensus between individual States and the project staff. Following these meetings and the development of each State's final NCLB juvenile justice education implementation plan, the project staff will make periodic follow-up State visits to assess their implementation efforts and effectively deal with any encountered problems by providing training and technical assistance. Further, the project staff, in collaboration with key State constituents, will develop and implement a national evaluation design to report each State's NCLB implementation progress and student learning outcomes. A quarterly report will be sent to each State, the U.S. Department of Justice, and the U.S. Department of Education describing the project's activities and progress, and individual State outcomes. Additionally, the project will design a national longitudinal study on how improved quality in juvenile justice education impacts the incidence of delinquency nationwide. The study will provide data on the role of NCLB implementation in successfully reducing delinquency in individual States as well as across the Nation.

Mr. Chairman, we believe this research is vitally important to our country and would appreciate your support.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF CIVIL ENGINEERS

The American Society of Civil Engineers (ASCE) is pleased to offer this testimony on the proposed budgets for the National Science Foundation (NSF) and the National Institutes of Standards and Technology (NIST) for fiscal year 2007. The President's American Competitive Initiative (ACI) with its focus on research and development at NIST and NSF will pay dividends for the country in many areas. ASCE is encouraged by and supports ACI and with it, the administration's request for \$6.02 billion request for NSF and \$581.3 million for NIST.

ASCE believes that technological innovation has been the engine that drove the Nation's economy expansion of the last 50 years. ASCE firmly believes that by maintaining strong continuing and steadily increasing support for the research and education we will continue to enjoy the rewards of economic expansion. If we do not continue to invest in research and technology, we will lose our position in an ever more integrated and competitive world. The basic research funded by NSF, in engineering and all other areas of science, is the foundation of that investment in the future. Global competition increasingly requires the United States to make the necessary investments in science and engineering research and education.

ASCE, founded in 1852, is the country's oldest national civil engineering organization representing 139,000 civil engineers in private practice, government, industry and academia dedicated to the advancement of the science and profession of civil engineering. ASCE is a 501(c)(3) non-profit educational and professional society.

NATIONAL SCIENCE FOUNDATION (NSF)

ASCE supports the administration's fiscal year 2007 budget request of \$6.02 billion for the National Science Foundation (NSF).

Math and Science Partnerships.—We encourage you to continue the federal commitment to math and science education by maintaining the peer-reviewed Math and Science Partnerships (MSP's) at the NSF and supporting robust funding for both the U.S. Department of Education (ED) and the NSF Math and Science Partnership programs. We urge you to oppose the administration's budget proposal that would phase-out the NSF MSP program in favor of the new federal grant administered by the Secretary of Education that would, in effect, limit individual States discretion to target much-needed funds for local science and mathematics education reforms.

National Earthquake Hazards Reduction Program.—For the past 25 years NEHRP has provided the resources and leadership that have led to significant advances in understanding the risk earthquakes pose and the best ways to counter them. Under NEHRP, there has been a constant source of funding for seismic monitoring, mapping, research, testing, code development, mitigation and emergency preparedness. A recent study and report by the Multihazard Mitigation Council entitled "*Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Sav-*

ings from Mitigation Activities,” has concluded the money spent on reducing the risk of natural hazards is a sound investment. On average, a dollar spent by FEMA on hazard mitigation provides the Nation about \$4 in future benefits. The type of research to be conducted under this program has the potential to greatly increase the benefit.

The NSF strives to advance fundamental knowledge in earthquake engineering, Earth science processes, and societal preparedness and response to earthquakes. Additionally, the George E. Brown, Jr. Network for Earthquake Engineering Simulation (NEES), operated by NSF, will expand knowledge through new methods for experimental and computational simulation.

ASCE requests that Congress direct NSF to acknowledge the \$40.3 million funding level for NEHRP responsibilities at NSF and to urge NSF to fulfill that obligation. We further support the administration request of \$21.27 million for the operation of the Network for Earthquake Engineering Simulation at NSF and ask that Congress urge NSF to maximize the potential of Network Earthquake Engineering Simulation (NEES) through research grants.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

ASCE supports the President’s requested budget for NIST of \$581.3 million for fiscal year 2007 and would strongly urge Congress to fully appropriate the request as presented. ASCE is concerned that money requested for NIST’s core laboratory and standards activities may be moved to fund other programs, as has happened in the past.

Scientific and Technical Research and Services (STRS).—These are NIST’s core programs that provide the measurements and standards on which the Nation’s industry stands and grows. The NIST laboratories provide industry and the science and engineering community with the measurement capabilities, standards, evaluated reference data, and test methods that provide a common language needed at every stage of technical activity. U.S. scientists rely on NIST’s evaluated data services and measurement expertise for a host of basic and applied research activities.

ASCE supports the administration’s request of \$467 million to fund the core programs at NIST. If fully appropriated, the funding would permit NIST to carry out its core responsibilities and greatly enhance U.S. competitiveness.

Building and Fire Research Laboratory.—ASCE believes that the services provided by the Building and Fire Research Laboratory (BFRL) are invaluable to the building industry. BFRL works to improve the productivity of U.S. construction industries and serves as the premier fire research laboratory in the United States. It develops technologies to predict measure and test the performance of construction materials, components and practices. BFRL is the Nation’s central laboratory for providing the tools (i.e. research and measurements) needed to rebuild the Nation’s infrastructure.

Laboratory activities include: fire science and fire safety engineering; building materials; computer-integrated construction practices; structural, mechanical and environmental engineering; and building economics. The laboratory conducts investigations at the scene of major fires and structural failures due to earthquake, hurricanes or other causes. The knowledge gained from these investigations guides research and is applied to recommendations for design and construction practices to reduce future hazards.

Construction is one of the Nation’s largest industries, comparable in size to the health care and agricultural industries. Like those vital areas of the Nation’s economy, the construction industry needs research and development to enhance international competitiveness and increase public health and safety. Funding for construction related research, from all sources, is a fraction of that available to the healthcare and agricultural industries. Due to the fragmented nature of the construction industry, the private sector does not have the resources to conduct the needed research and development on its own.

National Construction Safety Team Act.—Public Law 107–231 created the National Construction Safety Team at NIST with the mandate to investigate major building failures within the United States. The investigations are to establish the technical causes of building failures and evaluate the technical aspects of emergency response. The goal is to recommend improvements to the way in which buildings are designed, constructed, maintained and used. ASCE supported this act; however ASCE believes that NIST must be provided with the necessary resources. The National Construction Safety Team (NCST) Advisory Committee, established by the act, recently released its first annual report to Congress which included a number of recommendations including the creation of a NCST office and funding.

ASCE supports these recommendations and urges Congress to appropriate an additional \$2 million in fiscal year 2006 to create a NCST office within the Building and Fire Research Laboratory at NIST.

National Earthquake Hazards Reduction Program (NEHRP).—The 2004 reauthorization of NEHRP has given the National Institute of Standards and Technology (NIST) new responsibility as the lead agency for NEHRP and an expanded role in problem-focused research and development in earthquake engineering. However, in order for NIST to fully carry out its responsibilities, the NEHRP Coalition supports the full funding levels contained in the reauthorization for fiscal year 2007 of \$12.1 million for NEHRP responsibilities at NIST.

In addition to its leadership role, NIST is now specifically tasked to carry out problem-focused research and development in earthquake engineering aimed at improving building codes and standards for both new and existing construction and advancing seismic practices for structures and lifelines.

ASCE applauds NIST's commitment to NEHRP by making money available and moving ahead with its responsibilities as the NEHRP lead agency in fiscal year 2006. The President's commitment for fiscal year 2007 by adding \$2 million for structural safety in hurricanes, fires and earthquake in fiscal year 2007 will enable NIST to increase and expand its efforts.

The NEHRP supports the President's request for \$2 million for structural safety at NIST. In order for NIST to fully realize the potential benefits of NEHRP, the NEHRP Coalition urges Congress to build on the proposal of the administration by appropriating the full funding levels contained in the reauthorization for fiscal year 2007 of \$12.1 million for NEHRP responsibilities at NIST.

NATIONAL WINDSTORM IMPACT REDUCTION PROGRAM AT NIST AND NSF

In October 2004 the President signed Public Law 108–360 authorizing the creation of the National Windstorm Impact Reduction Program. As recent events on the Nation's Gulf coast have so vividly illustrated, the Nation remains highly vulnerable to major windstorms. We have not yet fully calculated the full the damage inflicted by Hurricanes Katrina, Rita and Wilma, but it will well exceed \$150 billion.

This vulnerability was recognized by Congress in 2004 when it created the National Windstorm Impact Reduction Program. However, while the program has been authorized for fiscal year 2006 through fiscal year 2008, there has been no appropriation of funds or specific budget request.

ASCE urges full funding for the National Windstorm Impact Reduction Program. For fiscal year 2007 the law authorizes \$25 million in spending, spread between federal four agencies. The Coalition urges the Congress to support full funding levels. Specifically, for the agencies under the jurisdiction of this subcommittee, the law authorizes:

- \$9.4 million for the National Science Foundation (NSF);
- \$4 million for the National Institute of Standards and Technology (NIST); and
- \$2.2 million for the National Oceanic and Atmospheric Administration (NOAA).

Once again, thank you for the opportunity for ASCE to express its views. If you need more information, contact Martin Hight, ASCE Senior Manager of Government Relations at (202) 326–5125 or by e-mail at mhight@asce.org.

PREPARED STATEMENT OF THE GAVIOTA COAST CONSERVANCY

Mr. Chairman and honorable members of the subcommittee: I appreciate the opportunity to present this testimony in support of an appropriation of \$1 million from NOAA's Coastal and Estuarine Land Conservation Program for Gaviota State Park.

Gaviota State Park is located 125 miles north of Los Angeles, on a remote section of Santa Barbara County's Gaviota Coast, a 76 mile stretch of California's coastline straddling two distinct bioregions in the transition between Southern and Central California. The Gaviota Coast is situated between the Channel Islands National Marine Sanctuary and the Los Padres National Forest where there is a wide variety of biological, recreational and agricultural resources.

As the largest portion (50 percent) of Southern California's remaining undeveloped coastline, the Gaviota Coast is a high priority area for conservation. According to the Nature Conservancy, coastal Southern California has the highest density of imperiled species of anywhere in the United States. As part of the only coastal Mediterranean biome in America, the Gaviota Coast is the last, best, safe-harbor for the numerous imperiled species displaced by human settlement further south. Expansion of Gaviota State Park offers an excellent opportunity for the conservation of several habitat types.

The Santa Ynez Mountains crowd in close to the coastline at Gaviota, producing a complex topography. Rocky, narrow beaches with sandy coves are backed by high sea cliffs. Coastal marine terraces, incised by stream carved canyons, lie below chaparral covered mountain slopes. This produces a diverse assemblage of habitat types in close proximity to one another. Perhaps most important are the many riparian corridors joining the mountains to the sea, which harbor the highest degree of biodiversity. Gaviota Creek watershed, one of the two largest watersheds on the south-facing Gaviota Coast, flows through Gaviota State Park. In addition there is a variety of shrub-land, and woodland habitat, with scattered vernal pool communities, estuaries, and native grasslands.

With this array of habitat, and a linkage to vast interior wildlands, the Gaviota Coast is home to a full assemblage of wildlife, both terrestrial and marine. Marine animals found along the coast include dolphin, a variety of whales, northern elephant seals, and numerous bird species. Terrestrial wildlife includes mountain lions, mule deer, badgers, black bears and golden eagles, to name a few. Resident endangered species include the southern sea otter, southern steelhead trout, the tide-water goby, brown pelican, and an occasional California condor.

Immediately adjacent to Highway 101, this property is zoned for commercial use. Commercial land uses in these coastal foothills are incompatible with county and State efforts to prevent inappropriate development and protect critical natural, scenic, and recreational resources. Acquiring lands adjacent to the park will protect its streams from the degradation that would result from development-related pollution.

Because of its location among other protected properties and agricultural lands, this project is part of a larger effort to piece together up to 10,000 contiguous acres of protected coastal wildlands and open space from the mountains to the sea, including the Los Padres National Forest and lands owned and managed by the local land trust for Santa Barbara County. The subject property is the linchpin for this larger assemblage, as it is the only property with commercial zoning on a 35-mile stretch of the Gaviota Coast. The total cost of the project is \$2.5 million, with State and local sources providing the matching funds.

Available for acquisition in fiscal year 2007, the Gaviota State Park Addition project is a 43-acre site adjoining Gaviota State Park. The park serves 86,000 visitors annually and the addition of the subject property would enable California State Parks to expand the existing trail system, and provide new trailhead facilities. For all the reasons stated above, the expansion of Gaviota State Park is a top priority for State Parks and for Santa Barbara County.

An appropriation of \$1 million from NOAA's Coastal and Estuarine Land Conservation Program for fiscal year 2007 is needed to acquire and protect this 43-acre property. If added to Gaviota State Park, it will expand recreational opportunities, provide much needed visitor facilities, protect scenic viewshed and conserve important wildlife habitat.

Thank you, Mr. Chairman for the opportunity to present this testimony and for your consideration of the request for an appropriation of \$1 million for Gaviota State Park.

LETTER FROM THE SIMI BATRA OF THE TRUST FOR PUBLIC LAND

APRIL 27, 2006.

THE HONORABLE RICHARD SHELBY, Chairman,
Commerce, Justice and Science Subcommittee, Committee on Appropriations, S-146A
Capitol, Washington, DC 20510.

THE HONORABLE BARBARA MIKULSKI, Ranking Member,
Commerce, Justice and Science Subcommittee, Committee on Appropriations, 144
Dirksen Senate Office Building, Washington, DC 20510.

DEAR CHAIRMAN SHELBY/RANKING MEMBER MIKULSKI: On behalf of the organizations listed below, we would like to thank you for your long-standing support of coastal zone management and coastal land conservation. We are writing today in support of the Coastal and Estuarine Land Conservation Program. This subcommittee created CELCP in fiscal year 2002 in order to "protect those coastal and estuarine areas with significant conservation, recreation, ecological, historical or aesthetic values, or that are threatened by conversion from their natural or recreational states to other uses." Thus far, this program has invested over \$177 million towards 119 conservation projects in 25 of the Nation's 35 coastal States. All federal funding has been leveraged by at least an equal amount by State, local and private funds. We hope to continue this Federal-State partnership and encourage you to fund CELCP at \$60 million for fiscal year 2007.

Our Nation's coastal zone is under significant pressures from unplanned development. In fact, it is estimated that by 2025, nearly 75 percent of the Nation's population will live within 50 miles of the coast, in addition to millions more who enjoy America's storied coastlines. From Maine to Washington State, beaches and waterfronts have always been the destination of choice for Americans. Billions of dollars of the Nation's GDP are generated by coast-based economic activities, inexorably linking our coastal zone with the economic health of the Nation.

As a result of this economic boom, rapid, unplanned development has marred the once-pristine viewsheds and substantially reduced public access to the coast. The resulting increase in impervious surfaces has correspondingly increased non-point source pollution and seriously degraded coastal and estuarine waters. The loss of coastal wetlands has drastically impaired estuaries, some of the most productive habitat on earth. The U.S. Commission on Ocean Policy has also stressed the importance of land conservation as part of its broader recommendations to Congress and the Nation.

From our work at the local level, we know from first-hand experience that this program will significantly leverage ongoing community-based conservation, and will provide a much needed boost to local efforts. Given the importance of healthy, productive and accessible coastal areas, a federal commitment to State and local coastal protection is a sound investment.

We urge you to fund the Coastal and Estuarine Land Conservation Program at \$60 million in fiscal year 2007. We look forward to working with you as this program continues to grow, and stand ready to assist you.

Sincerely,

ALAN FRONT,
Senior Vice President, The Trust for Public Land.

KATHERINE "KACKY" ANDREWS,
Executive Director, Coastal States Organization.

DAVID HOSKINS,
Vice President of Government Affairs and General Counsel, The Ocean Conservancy.

GARY J. TAYLOR,
Legislative Director, International Association of Fish and Wildlife Agencies.

ANGELA CORRIDORE,
Executive Director, National Estuarine Research Reserve Association.

RUSS SHAY,
Director of Public Policy, Land Trust Alliance.

JIMMIE POWELL,
Director of Government Relations, The Nature Conservancy.

RICH INNES,
Executive Director, Association of National Estuary Programs.

LAWRENCE A. SELZER,
President, The Conservation Fund.

GORDON C. ROBERTSON,
Vice President, American Sportfishing Association.

MARK WOLF-ARMSTRONG,
President and CEO, Restore America's Estuaries.

PREPARED STATEMENT OF THE COLUMBIA RIVER INTER-TRIBAL FISH COMMISSION

Mr. Chairman and honorable members of the subcommittee, on behalf of the Columbia River Inter-Tribal Fish Commission (CRITFC), I want to thank you for the opportunity to present our views on the fiscal year 2007 budget for NOAA Fisheries. We encourage this subcommittee to note the on-going collaborative effort ordered by the federal judge within the region concerning the biological opinion on the Federal Columbia River Power System and to also please note the administration's call for hatchery reform efforts. CRITFC supports funding the following programs as part of a coordinated, comprehensive effort to restore the shared salmon resource of the Columbia and Snake River Basins to healthy sustainable populations:

- \$200,000 to support the States and tribes in dispersing sea lions from areas where severe salmon depredation is occurring on the Columbia River;
- \$36 million for the Columbia River (Mitchell Act) hatchery program in order to implement reforms called for in the "Conservation of Columbia Basin Fish" (Federal Caucus "All H" Paper) and the Federal Columbia River Power System

- Biological Opinion, of which \$9 million (or 25 percent of the actual enacted amount) directed to the tribes for new or expanded supplementation programs;
- No additional funding for the implementation of mass-marking programs of hatchery fish at federally funded hatcheries for the purpose of implementing a selective fisheries program;
- \$20.6 million for Columbia River facilities screening and passage program;
- \$110 million for the Pacific Coastal Salmon Recovery Fund to support on-the-ground salmon restoration activities, of which \$5 million should be provided to the intertribal commission of the Columbia River treaty tribes in the form of a direct grant;
- \$9,844,000 for the Pacific Salmon Treaty program, of which \$8,000,000 is for the implementation of the 1999 Agreement and previous base programs, and \$1,844,000 is for the Chinook Salmon Agreement.

Background.—In 1977, the Columbia River Treaty Tribes (Nez Perce, Umatilla, Warm Springs and Yakama Tribes) formed the Commission to provide coordination and technical assistance to the member tribes.

In 1855, the United States entered into treaties with the four tribes to ensure the mutual peace and security of our peoples. In the treaties the U.S. promised to protect and honor the rights and resources the tribes reserved to themselves. Our rights and our religious beliefs are tied to the salmon whose populations have dramatically declined to levels that are even causing alarm to non-Indian commercial fishing-dependent communities. We must vigorously pursue the necessary recovery and restoration actions consistent with the Endangered Species Act and federal trust obligations.

CRITFC's principles for fisheries protection and restoration are outlined in a restoration plan titled *Wy-Kan-Ush-Mi Wa-Kish-Wit* (Spirit of the Salmon) that can be viewed at www.critfc.org. The plan's objectives are to halt the decline of salmon, lamprey and sturgeon populations and rebuild salmon runs to levels that support tribal ceremonial, subsistence and commercial harvests. The plan emphasizes strategies and principles that relies on natural production and healthy river systems and utilizes a collaborative conservation approach that the White House has encouraged parties to use to address natural resource issues. The tribes can point to several successes in watershed-based restoration of salmon working with State, Federal and private entities.

Endangered Species Act (ESA)—Pacific Salmon Recovery.—NOAA Fisheries is making an ambitious effort to complete salmon recovery plans in the Pacific Northwest. Not all of the measures outlined in the recovery plans will be funded by the Bonneville Power Administration (BPA) which means that additional funding is needed to meet statutory and trust obligations to the salmon resource and tribes. For example, in coordination with Federal, State and tribal managers, NOAA Fisheries has developed necessary monitoring and evaluation programs to measure salmon recovery efforts, but funding for these critical efforts are in doubt due to the expected fish and wildlife funding levels set by BPA for fiscal year 2007–09.

Sea Lions.—For the second consecutive year sea lion depredation is occurring below Bonneville Dam on the Columbia River during a drastically low adult spring Chinook salmon return. The States and tribes have collaborated to disperse sea lions below Bonneville Dam. Sea lion control efforts are subject to a lengthy process in the Marine Mammals Protection Act (MMPA). Therefore, \$200,000 is requested to support State and tribal efforts to disperse problem animals until a long term solution is developed under the MMPA.

Columbia River (Mitchell Act) Hatchery Program.—Restoring Pacific salmon and providing for sustainable fisheries requires using the Columbia River (Mitchell Act) hatchery program to supplement naturally spawning stocks and populations. To accomplish this goal, \$36 million is requested for the tribal and State co-managers to jointly reform the Mitchell Act hatchery program. Of this amount, \$9 million, or 25 percent of enacted funding, will be made available to the tribes for supplementation projects.

Since 1982, CRITFC has called for hatchery reform to meet recovery needs and meet mitigation obligations. We welcome the administration's objective calling for transforming hatchery systems to aid in salmon recovery (Chairman James Connaughton, Council on Environmental Quality, Salmon 2100 Conference, January 25, 2006, Portland, Oregon). The tribes are leaders in designing and managing supplementation hatchery facilities at Yakama, Umatilla and Nez Perce. We believe similar practices need to be implemented throughout the basin to reform current hatchery production efforts. The tribe's facilities are biologically credible and can be used to supplement rather than supplant natural spawning salmon populations.

Mitchell Act hatchery production should be used to assist the rebuilding of naturally spawning salmon, the stocks which have constrained both Indian and non-In-

dian fisheries on the West Coast. With the adoption of abundance based management for all ocean fisheries under the U.S.-Canada Pacific Salmon Treaty in 1999, an aggressive effort needs to be undertaken to reform hatchery production to be consistent with that new management approach and to aid in the de-listing of several salmon populations listed under the ESA. The tribes can provide leadership for this necessary reform, while still mitigating for the damage caused to the salmon resource by the Federal Columbia River Power System.

Mass marking and Selective Fisheries.—No additional Federal funding should be provided for the mass marking of hatchery-reared fish and the implementation of selective fisheries unless and until the tribes and States have agreed upon such programs. The true total financial, management, and technical costs of pursuing an aggressive mass marking and selective fisheries program have never been identified. In addition, there is no technical basis yet in place to ensure that this program does not undermine the ability of the U.S. and Canada to monitor and evaluate harvest management actions recently adopted under the Pacific Salmon Treaty.

Columbia River Facilities.—To carry out activities identified as necessary in the Federal Caucus All-H Paper and the BiOp, \$20.6 million is requested for the Columbia River facilities screens and fish passage programs.

Pacific Coastal Salmon Recovery Program (PCSRF)/Watershed Restoration.—Beginning in 1996, additional funding has been sought by the State of Alaska, the Pacific Northwest States, and the treaty tribes to serve critical unmet needs for the conservation and restoration of salmon stocks shared in these tribal, State, and international fisheries (See Record of Discussion, May 20, 1996). The PCSRF program provides a significant role in accomplishing the goals of this shared effort. For fiscal year 2007, we recommend restoring the funding to the fiscal year 2002 appropriated level of \$110 million. Of this amount, \$5 million should be directed to the intertribal commission of the Columbia River treaty tribes to support ongoing efforts.

CRITFC acknowledges the economic hardships of western salmon-dependent communities caused by the current low salmon returns. While financial disaster relief meets a short-term economic need for these communities, we encourage this committee to not redirect any PCSRF funds to offset immediate economic hardship. Long-term economic benefits can be achieved by making PCSRF investments on the ground to rebuild sustainable, harvestable salmon populations into the future.

The State and tribal co-managers have responded to concerns raised by Congress regarding accountability and performance standards to evaluate and monitor the success of this coastwide program. In an effort coordinated and facilitated by NOAA Fisheries, the co-managers have developed an extensive matrix of performance standards to address these concerns. We will continue to ensure that tribally sponsored watershed projects are based on the best science, are competently implemented and adequately monitored, and address the limiting factors affecting salmon restoration. This will include the use of monitoring protocols to systematically track current and future projects basin-wide. Projects undertaken by the tribes last year are consistent with *Wy-Kan-Ush-Mi Wa-Kish-Wit* and the programmatic areas identified by Congress.

Pacific Salmon Treaty Program.—CRITFC supports the U.S. section recommendation of \$9,844,000 for the Pacific Salmon Treaty. Of this amount, \$8,000,000 is for the Pacific Salmon Treaty base program with Alaska, Oregon, Idaho, Washington, and NOAA to share as described in the U.S. section of the Pacific Salmon Commission's Budget Justification for fiscal year 2007. In addition, we support \$1,884,000 as first provided in 1997 to implement the abundance based management approach (adopted by the U.S. section in 1996) of the Chinook Salmon Agreement to carry out necessary research and management activities. The overall total amount includes restoration of \$2 million for the Pacific Salmon Treaty program for the States to implement the provisions and management and technical changes adopted by the United States and Canada in 1999, particularly to implement the abundance based approach for coho management. These funds are subjected annually to a strict technical review process.

In summary, Mr. Chairman, the CRITFC and its four member tribes have developed the capacity and infrastructure to be models of leadership and stewardship in rebuilding the fisheries in the Columbia Basin. Our collective efforts protect our treaty reserved fishing rights and we also partner with the non-Indian community to provide healthy, harvestable salmon populations for all citizens to enjoy. This is a time when increased effort and participation are demanded of all of us and we ask for your continued support of our efforts. We will be pleased to provide any additional information that this subcommittee may require.

PREPARED STATEMENT OF THE AMERICAN MUSEUM OF NATURAL HISTORY

About the American Museum of Natural History

The American Museum of Natural History (AMNH) is one of the Nation's pre-eminent institutions for scientific research and public education. Since its founding in 1869, the Museum has pursued its joint mission of science and public education. It is renowned for its exhibitions and collections of more than 32 million natural specimens and cultural artifacts. With approximately 4 million annual visitors—approximately half of them children—it is one of the largest, fastest growing, and most diverse museums in the country. Museum scientists conduct groundbreaking research in fields ranging from all branches of zoology, comparative genomics, and informatics to earth sciences, biodiversity conservation, and astrophysics. Their work forms the basis for all the Museum's activities that seek to explain complex issues and help people to understand the events and processes that created and continue to shape the Earth, life and civilization on this planet, and the universe beyond.

The American Museum—NASA Partnership

In December 1997, NASA and AMNH embarked on a unique partnership, founded on a joint commitment to cutting-edge research and to integrating that research into educational vehicles that will improve science literacy and inspire the next generation. Over this time, we have worked with the agency to develop innovative technologies and resources that provide an unparalleled platform for interpreting, displaying, and distributing NASA content to audiences nationwide. Since 2004 the Museum has been incorporated by NASA into its longer-term science education and public outreach base, with the Museum and NASA now in an unprecedented position to leverage our shared investments, maximize our accomplishments, and harness our unique resources, capacity, and platform to help NASA achieve its goals.

- The Museum has built a set of singular national resources that bring cutting-edge science and integrated NASA content to total audiences of more than 10 million in New York City, across the country, and around the world. In the New York area alone, the Museum reaches nearly four million annual visitors, including more than 450,000 children in school groups and more than 5,000 teachers, with millions visiting online.
- We have launched a successful program to disseminate project resources to informal learning venues nationally and internationally, with science bulletins already on view in 26 locations and space shows at 14, with more being added.
- We have created science bulletins—technologically innovative, immersive multimedia science encounters, presenting space, Earth, and life science news and discoveries in visually stunning feature documentaries, data visualizations, and weekly updates.
- The Museum has made numerous technological breakthroughs—it has established leadership in science visualization and high resolution renderings of massive data sets; it has converted its space shows to digital format, making the AMNH the only full planetarium dome content provider that crosses all major platforms; it has pioneered a unique online distribution network that each week streams new science content in HD MPEG2 encodes to partners across North America.
- AMNH routinely hosts major events celebrating NASA's mission highlights and milestones. Recent events have included public interaction with AMNH scientists and NASA astronauts during the Mars MER, Cassini-Huygens, and Return to Flight launches and landings.
- The Museum's educational mission is fueled by and reflects cutting-edge science, including the work of our scientists in collaboration with NASA centers and researchers.

Building on this remarkable foundation, the Museum seeks to continue its institutional collaboration with NASA in fiscal year 2007 so as to contribute its unique science, education, and exhibition capacity, its expertise in innovative and emerging technologies, and its national reach to helping the agency meet its goals. The Museum proposes activities over a 1-year period to include: R&D on new techniques for visualizing massive space and earth science data sets, creating visualization tools for presenting NASA missions and other dynamic science stories, and for advancing innovative solutions to technical challenges in presenting digital planetarium shows; and developing current NASA science education resources and continuing to scale up their national distribution for presentation in public spaces and for classroom use.

Throughout the course of its NASA partnership, the Museum has very successfully leveraged the NASA investment with funds from other government and private

sources, and it will continue, with renewed partnership funding, to support the project with funds from nonfederal as well as federal sources.

Recognizing its potential to support NASA in its goals to pioneer the future in space exploration, scientific discovery, and aeronautics research; to develop a balanced overall program of science, exploration, and aeronautics; and to establish new and innovative programs to enhance understanding of our Earth, other planets, asteroids, and comets in our solar system, as well as the search for life around other stars, the Museum looks forward to continuing its institutionalized collaboration with NASA and to contributing its unique science, education, and technological capacity to helping the agency to meet these goals.

PREPARED STATEMENT OF THE AMERICAN MUSEUM OF NATURAL HISTORY

About the American Museum of Natural History

The American Museum of Natural History (AMNH) is one of the Nation's pre-eminent institutions for scientific research and public education. Since its founding in 1869, the Museum has pursued its mission to "discover, interpret, and disseminate—through scientific research and education—knowledge about human cultures, the natural world, and the universe." It is renowned for its exhibitions and collections of more than 32 million natural specimens and cultural artifacts. With nearly 4 million annual visitors, its audience is one of the largest, fastest growing, and most diverse of any museum in the country. Museum scientists conduct groundbreaking research in fields ranging from zoology, comparative genomics, and informatics to Earth, space, and environmental sciences and biodiversity conservation. Their work forms the basis for all the Museum's activities that seek to explain complex issues and help people to understand the events and processes that created and continue to shape the Earth, life and civilization on this planet, and the universe beyond.

The Museum's Center for Biodiversity and Conservation, founded in 1993, is dedicated to enhancing the use of scientific data to mitigate threats to global biodiversity, and integrating this information into the conservation process and to disseminate it widely. It conducts conservation-related field projects around the world, trains scientists, organizes scientific symposia, presents public programs, and produces publications geared toward scientists, policy makers, and the lay public. Each spring, the CBC hosts symposia that focus on conservation issues. The 2005 symposium, *New Currents in Conserving Freshwater Ecosystems* will highlight initiatives from around the world that inform our ability to understand and protect the biota, processes, and habitats of aquatic ecosystems. The 2006 symposium, *Conserving Birds in Human-Dominated Landscapes*, will focus on unique challenges to and key opportunities for invigorating bird diversity in the areas most heavily impacted by human activities.

The Museum's renovated Hall of Ocean Life, reopened in Spring 2003, is a major focal point for public education on marine science issues. Drawing on the Museum's world-renowned expertise in Ichthyology as well as other areas of vertebrate as well as invertebrate zoology, the Hall is pivotal in educating visitors about the oceans' key role in sustaining life on our planet. The renovated Hall of Ocean Life, together with the new Halls of Biodiversity, Planet Earth, and the Universe and the rebuilt Hayden Planetarium (part of the new Rose Center for Earth and Space) provide visitors a seamless educational journey from the universe's beginnings to the formation and processes of Earth to the extraordinary diversity of life on our planet.

Common Goals of NOAA and AMNH

The National Oceanic and Atmospheric Administration (NOAA) is committed to understanding and predicting changes in the Earth's environment and to conserving and managing coastal and marine resources to meet the Nation's economic, social, and environmental needs. NOAA's education plan outlines a broad vision for reaching various audiences to build awareness and knowledge of issues related to the world's atmosphere, climate, oceans, and coastal ecosystems. Addressing the needs of teachers, students, and policy makers as well as the general public, the agency's goals include enhancing environmental literacy and knowledge, application of NOAA science, and development of a capable and diverse workforce for environmental science. The American Museum of Natural History, one of the Nation's premier research and public education institutions, shares NOAA's commitment to these environmental goals and to the scientific research and public education that support them.

Since its founding in 1869, the American Museum has pursued its mission of scientific investigation and public education. Its exhibitions and collections serve as a

field guide to the entire planet and present a panorama of the world's cultures. Museum collections of some 32 million specimens and cultural artifacts provide an irreplaceable record of life. More than 200 museum scientists conduct groundbreaking research in fields as diverse as systematic and conservation biology and astrophysics, Earth and biodiversity sciences. The work of scientific staff fuels exhibitions and educational programming that reach annually an onsite audience of nearly 4 million visitors—nearly half of them children.

Marine Sciences Initiative

In fiscal year 2004, as a result of congressional leadership, the Museum entered into a partnership with NOAA that launched a multi-year marine education and research initiative. Support for this initiative, which encompasses a broad range of education, outreach, training, and research activities closely aligned with NOAA goals and purposes, was continued in fiscal year 2005 and further leveraged by museum scientists who successfully secured competitive NOAA funding. Building upon this successful foundation, and in concert with the strategic priorities of NOAA and the Museum, we seek in fiscal year 2007 to join with NOAA in aquatic research and education activities that promote ocean literacy. Activities will include: ecosystem based research, training, and research tools development concerning oceans and aquatic environments; special programs on New York waterways for New York City schoolchildren; professional development for teachers; and public education that will build understanding of the importance of healthy oceans and atmosphere.

The Museum seeks in fiscal year 2007 to partner with NOAA to build this marine sciences education and outreach initiative. Support will be used, over a 1-year period, for marine research projects, the remote sensing/GIS laboratory, and public education and outreach. Together with NOAA, and leveraging its participatory share with funds from nonfederal as well as other federal sources, the Museum will be positioned to advance the environmental education, outreach, and research so pivotal to the health of our Nation and our planet.

Recognizing its potential to support NOAA in its goals to understand and predict changes in the Earth's environment; conserve and manage coastal and marine resources; and to protect, restore, and manage the use of coastal and ocean resources to meet our Nation's economic, social, and environmental needs, the Museum looks forward to advancing a partnership with the agency in an education, outreach, and research initiative to promote public understanding and stewardship of marine environments.

PREPARED STATEMENT OF AMERICAN RIVERS

American Rivers, on behalf of more than 500 national, regional and local organizations representing more than 5 million constituents concerned with river conservation,¹ urges the Committee to provide the National Oceanic and Atmospheric Administration with an overall appropriation of \$4.5 billion in the Commerce, Justice, Science Appropriations bill for fiscal year 2007. Within that amount \$252,000,000 should be allocated for the following priority programs in fiscal year 2007. I request that this testimony be included in the official record.

PACIFIC COASTAL SALMON RECOVERY FUND

Pacific salmon are a national treasure with enormous economic, cultural, and environmental significance in the States of Washington, Oregon, California, Idaho, and Alaska. A century ago, salmon were an anchor of the region's economy. Unfortunately, past and present mismanagement of our rivers, lands, and salmon fisheries have caused populations of salmon to decline dramatically over the past century, and 26 runs of Pacific salmon and steelhead are now listed under the Endangered Species Act.

One important program aimed at restoring imperiled runs of chinook, coho, sockeye, and chum salmon, as well as steelhead trout, is the Pacific Coastal Salmon Recovery Fund, funded through the National Oceanic and Atmospheric Administration. For the past several years, this program has provided much-needed assistance to State, local, and tribal governments in Washington, Oregon, California, Alaska and Idaho for salmon recovery projects.

By increasing funding for the Pacific Coastal Salmon Recovery Fund in fiscal year 2007, Congress can help restore this economically, culturally, and ecologically valu-

¹ These groups and individuals have endorsed the Citizen's Agenda for Rivers which includes the "River Budget" for fiscal year 2007, a report of national funding priorities for local river conservation. For more information on the Citizen's Agenda for Rivers go to www.healthyrivers.org.

able resource and help the Northwest States and local communities to adopt and embrace the measures needed to restore Pacific salmon and steelhead. Restoring salmon will also allow the United States to satisfy treaty obligations with Northwest Indian tribes and Canada.

American Rivers appreciates the Committee's past support for this program and urges the funding be increased to \$200 million in fiscal year 2007.

FISHERIES HABITAT RESTORATION CENTER (COMMUNITY-BASE RESTORATION PROGRAM)

Estuaries and coastal wetlands serve many essential functions for communities across the Nation. Coastal industries supply 28 million jobs and generate billions of dollars annually. Eighty to 90 percent of all recreational fish catch and 75 percent of all commercial harvest depends upon healthy coastal and estuarine habitats. More than half of the coastal wetlands in the lower 48 States have been lost, and almost 40 percent of estuarine habitat is impaired.

The Fisheries Habitat Restoration Center and the Community-based Restoration Program, reaches out to local constituencies to accomplish on-the-ground, community-based projects to restore estuaries and coastal habitats. Partnerships and local involvement are fundamental to the success of this program. Partners typically match federal dollars 1:1 and leverage those dollars up to 10 times more through State and local participation. To date, the program has funded more than 900 projects in 25 States, promoting fishery habitat restoration in coastal areas with a grassroots, bottom-up approach.

American Rivers urges the Committee to provide the Fisheries Habitat Restoration Program with \$24 million in fiscal year 2007 to help more communities restore and protect and restore the health of their estuaries and coastal habitats.

THE PENOBSCOT RIVER RESTORATION PROJECT

The Penobscot River Restoration Project is an unprecedented approach to river restoration that will reconfigure hydropower facilities and maintain energy production while opening up more than 500 miles of habitat to 10 native species of anadromous fish, improve water quality, boost wildlife and create new opportunities in communities along New England's second largest river. The two lowermost Penobscot dams, Veazie and Great Works, will be removed and a state-of-the-art fish bypass will be installed at Howland Dam. This restoration project will reestablish the river's historic connection to the ocean, and help feed fisheries and wildlife in the river and the Gulf of Maine. The project's reconfiguration of dams will have a wide range of benefits to fish and wildlife populations, water quality and communities along the river. The restoration of the Penobscot River is the best last chance for the dwindling Atlantic Salmon populations in the country.

American Rivers urges the Committee to provide \$15 million to the Penobscot River Restoration Project in fiscal year 2007 to assist in the purchase of the three dams on the Penobscot River.

OPEN RIVERS INITIATIVE

Our Nation's rivers are plugged with millions of dams, most still functional and benefiting society. Many others are either dilapidated having outlived their 50 year life expectancy or are no longer providing the benefits for which they were built. These dams are unnecessarily degrading the riverine ecosystem and holding up economic development. The Open Rivers Initiative (ORI), a new Presidential initiative announced by the Secretary of Commerce in 2005, will provide grants to communities and local dam owners to remove their dams that no longer make sense. These restoration projects provide significant environmental improvements and offer noteworthy economic and societal benefits. They create new opportunities for recreational fishing, river rafting, and kayaking; provide cost savings by eliminating the need for dam repairs; and remove safety and liability risks associated with outdated structures.

American Rivers urges the Committee to provide \$10 million to the Open Rivers Initiative in fiscal year 2007.

HYDROPOWER RELICENSING

The National Marine Fisheries Service (NMFS) would greatly benefit from additional funding to address the growing number of hydropower dams that need renewal of their operating licenses from the Federal Energy Regulatory Commission (FERC). Under the Federal Power Act, the NMFS has a responsibility to set license conditions for hydropower dams that protect and conserve anadromous (sea-run) fisheries such as Pacific and Atlantic salmon, steelhead and sea-run cutthroat trout,

and shad. FERC approved licenses are nearing expiration at hundreds of dams around the country, and workloads are increasing for NMFS and other resource agencies. Increasing NMFS's limited hydropower relicensing budget is essential to ensure a more efficient licensing process and that NMFS can carry out its responsibilities to protect and restore our Nation's anadromous fisheries.

American Rivers urges the Committee to provide the National Marine Fisheries Service with \$3 million to specifically fund the agencies work on hydropower relicensing in fiscal year 2007.

PREPARED STATEMENT OF CLAFLIN UNIVERSITY, ORANGEBURG, SOUTH CAROLINA

Mr. Chairman, and members of the subcommittee, I thank you for the opportunity to submit testimony to the hearing record regarding the forensic science laboratory at Claflin University in Orangeburg, South Carolina. Claflin University is the oldest historically black college or university in the State of South Carolina and has a solid reputation for producing science students who are an asset to the Nation's scientific workforce.

In the past fiscal year, as I am sure you are aware, funds with which to initiate the establishment of a certified forensics laboratory at Claflin University were included in the conference report on the Science, State Justice and Commerce Appropriations bill. We wish to thank the subcommittee for its support and report on the use to which we have put the provided funds. In collaboration with local law enforcement agencies, we have used those funds to identify and secure a site for the DNA forensic portion of the laboratory, initiated renovations to the site as needed, and completed the purchase of some of the needed equipment. We are also finalizing the recruitment of the initial supervising scientist for the facility. In addition, we have developed an initial course in forensics that we will beta test this summer with students in our biotechnology degree program.

The purpose of the forensics laboratory is to allow Claflin University to create research and service capacity in DNA, drug and ballistics forensic technologies for the Orangeburg community, the First Judicial District and other agencies in South Carolina and the Nation. A Memorandum of Understanding has been developed with the Orangeburg Department of Public Safety, and others are being finalized with the Orangeburg County Sheriff's Department and other law enforcement agencies within the First Judicial District. The faculty within the forensics laboratory will offer courses to students from Orangeburg Calhoun Technical College, undergraduates and graduate biotechnology students from Claflin and will offer short-course continuing education courses approved by the State's Law Enforcement Training Academy to local and State law enforcement officials. The resulting benefits will include but are not limited to:

- Reduction in the case evidence backlog;
- workforce training (for both forensic scientists and law enforcement personnel);
- crime rate reduction through timely processing of evidence;
- increased research capacity in DNA forensics technique development; and
- increased capacity to process back-logged samples for the Department of Justice and the Department of Defense.

Claflin University will staff a forensics laboratory that will be certified for DNA fingerprinting. The laboratory will also provide staff and equipment for drug analysis. In addition, the institution will collaborate with the Orangeburg Department of Public Safety to apply to the National Integrated Ballistic Information Network (NIBIN) program at the Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives to become a participant in that network in order to provide ballistics analysis capacity for the forensics laboratory.

All law enforcement agencies within the First Judicial Circuit could greatly benefit in having a regional forensic laboratory with these capabilities. This would also reduce the number of cases submitted to SLED and other specialized laboratories alleviating some of the current backlog seen in these labs and speed time to trial for alleged offenders.

I would also like to point out that this year Claflin University, in partnership with Orangeburg Calhoun Technical College received a grant from the Department of Labor to establish a joint program in biotechnology with a forensics emphasis. This would allow a student to earn an associates degree, a bachelor's degree or a master's degree in biotechnology, with a forensics specialization, or to stop at any point of their choosing in that training continuum. We are certain that the collaboration with the local law enforcement agencies to operate a forensics laboratory will be a valuable additional asset for our overall programmatic goals and will increase

the number of qualified individuals entering the workforce with expertise in forensic analyses.

In fiscal year 2007 we are again requesting support of \$2.2 million to complete the work that we have begun in establishing the forensics laboratory. These funds will be used to hire additional personnel for the laboratory; purchase the remaining major laboratory instrumentation; acquire and restructure space for the ballistics facility; purchase consumables and reagents for analytical processes; and offer the forensics short course to local law enforcement personnel.

Mr. Chairman, we are sure that the forensics laboratory that we are establishing will provide for infrastructure for crime reduction in our State as well as allowing us to produce forensic scientists for the State and Nation. We hope that the subcommittee will provide the \$2.2 million necessary to continue the progress toward full establishment of this vital service asset. Your support will reduce crime, save lives, and strengthen the Nation's scientific workforce.

PREPARED STATEMENT OF THE NATIONAL WILDLIFE FEDERATION

On behalf of the National Wildlife Federation (NWF) I appreciate the opportunity to present this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program for the San Miguel Project in the Commonwealth of Puerto Rico.

NWF is the U.S. largest member-supported conservation education and advocacy group. It unites people from all walks of life to protect nature, wildlife, and the world we all share. NWF's mission is to educate, inspire and assist individuals and organizations of diverse cultures to conserve wildlife and other natural resources and to protect the Earth's environment in order to achieve a peaceful, equitable and sustainable future.

The Northeastern Ecological Corridor (NEC) comprising approximately 3,200 acres, is one of the Caribbean's last, great, unprotected areas. Located on the eastern corner of the main island of Puerto Rico within the municipalities of Luquillo and Fajardo, the NEC contains an extraordinary array of tropical habitats seldom found in other parts of the world. In addition to coral communities, mangroves, and pre-Columbian forests, all the different varieties of coastal wetlands found throughout Puerto Rico are represented within the NEC. The wetlands in this area are essential to the existence of a seasonal bioluminescent lagoon known as Laguna Aguas Prietas, an extremely rare biological phenomenon.

The NEC's location within the foothills of the El Yunque Caribbean National Forest adds to its great natural value and uniqueness. Originally set aside in 1876 by the Spanish Crown, this United Nations Biosphere Reserve is one of the oldest forest protected areas in the Western Hemisphere, and is the only tropical rain forest in the United States national forest system. The forest contains rare wildlife and is home to over 50 species of birds, including the Puerto Rican parrot—one of the ten most endangered species of birds in the world. The ecological diversity observed within the NEC and the Caribbean National Rain Forest, varying from a coastal dry forest to a rain forest, lies within a corridor just 13 miles in length. Such an occurrence, in an amazing limited area, is extremely rare in any location around the world and, can only be enhanced or protected by the conservation of the NEC.

In recognition of the NEC's extraordinary natural value, the NWF has supported its protection since 1999. During NWF's annual meeting held on March 2006 at New Orleans, a resolution presented by two of our affiliates, the Puerto Rican Ornithological Society and the Virgin Islands Conservation Society, was approved, supporting the protection of coastal and wetland habitats of concern such as those found on the Corridor. Furthermore, NWF endorsed the Commonwealth of Puerto Rico House of Representatives Bill 2105, designating the NEC as a nature reserve, as well as its sustainable development based on ecotourism and nature tourism activities.

Available for acquisition in fiscal year 2007 is the 1,277-acre San Miguel property, consisting of three parcels within the NEC. These parcels contain extensive wetland areas contiguous to the Pitahaya, Juan Martin and Sabana rivers, and harbor an array of unique upland and wetland ecosystems. The project site includes some of the last remaining unspoiled dune systems and a significant coral community immediately off shore. Its bird fauna is remarkable and according to the Puerto Rico Department of Natural and Environmental Resources (DNER), it has the one of the highest diversity of birds of any natural protected area in the north region of the Island. The property falls within the range of over 40 rare species of flora and fauna, some even unique to Puerto Rico, including 16 federally threatened or endangered listed species, such as the hawksbill sea turtle, Virgin Island boa, Puerto

Rican boa, brown pelican, Puerto Rican plain pigeon, West Indian manatee, and Cobana negra (a flowering tree). The area is best known, however, as one of the most important nesting grounds for leatherback sea turtles in the United States and the Caribbean. Over 420 leatherback sea turtle nests were recorded during the 2005 nesting season. Due to its ecological value, the NEC has been identified by the DNER, the USDA Forest Service's International Institute of Tropical Forestry and the U.S. Fish and Wildlife Service, as a critical wildlife area of primary importance in Puerto Rico. The NEC also contains a variety of archeological resources, such as historical tools and structures.

At the present time, several multinational lodging corporations have proposed various mega luxury residential-tourist resorts within the NEC. One of the largest proposed developments would be built on the San Miguel tracts at the boundary of the municipalities of Luquillo and Fajardo. The San Miguel Resort would include 1,025 residential units, a 250-room hotel/casino, 175 timeshare units, and two golf courses. The development would involve the filling of wetlands, channelization of rivers, and clearance of coastal vegetation, thus destroying the natural integrity of the NEC. If the San Miguel resort were to be constructed as planned, it would further deplete the limited water supplies needed by local communities, resulting in a deficit of over 4,000,000 gallons of water per day, a deficit which accounts for the water requirements of nearly 25,000 people. There is widespread concern as well about other negative impacts the development would have on this sensitive area, including limited public access to beaches and other coastal resources, and unnecessary exposure of life and property on lands affected by floods and other natural hazards present at the NEC.

Given the ongoing controversy over development of the property, including years of lawsuits, strong public opposition, and permitting difficulties, the owners have decided to make the land available for conservation. Federal agencies, the Commonwealth of Puerto Rico, and private parties have come together in an effort to preserve this remarkable coastal property. Public ownership will preserve the coastal resources, protect the rivers and wetlands, buffer El Yunque Caribbean National Forest, and provide public beach access and recreational opportunities.

Approximately \$25 million will eventually be needed to complete the San Miguel acquisition. If this effort should fail, some form of development would likely occur on this highly sensitive property. The construction of the proposed resort would undermine past and current conservation efforts in an area that has been widely recognized by the Federal and Commonwealth agencies, and private conservation organizations for its unique expression of biological diversity.

A fiscal year 2007 appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program is needed to further the protection of the San Miguel tracts. These funds will be matched by \$2.27 million in settlement funds from the Barge Berman Oil Spill (specifically for land acquisition), up to \$5.7 million of other oil spill settlement funds (for restoration categories), \$3 million committed by the Conservation Trust of Puerto Rico, and additional funds being raised by a local land trust and other interested private parties. I urge you to include this project in the fiscal year 2007 Commerce, Justice, and Science Appropriations bill.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF THE NATURE CONSERVANCY

Mr. Chairman, thank you for the opportunity to offer the recommendations of The Nature Conservancy on the fiscal year 2007 budget for the National Oceanic and Atmospheric Administration (NOAA).

The Nature Conservancy is an international, nonprofit organization dedicated to the conservation of biological diversity. Our mission is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. Our on-the-ground and in-the-water conservation work is carried out in all 50 States and in 27 foreign countries and is supported by approximately 1 million individual members. We have helped conserve nearly 15 million acres of land in the United States and Canada and more than 102 million acres with local partner organizations globally.

The conservancy owns and manages approximately 1,400 preserves throughout the United States—the largest private system of nature sanctuaries in the world. We recognize, however, that our mission cannot be achieved by core protected areas alone. Therefore, our projects increasingly seek to accommodate compatible human uses to address sustained human well-being.

The conservancy works to identify priorities for coastal and marine conservation through marine ecoregional plans. We identify present and likely future threats to marine biological diversity before attempting to identify appropriate strategies for conservation. At more than 100 marine sites around the world, the Nature Conservancy has used a variety of strategies for marine conservation including habitat restoration of important nursery and spawning areas, removal of invasive species, coastal land acquisition, private conservation of submerged lands, elimination of destructive practices, establishment of protected areas, management of extractive marine resources activities, and reduction of nutrient and toxic inputs to coastal systems. No single strategy works everywhere and at every site, multiple conservation approaches are needed. The selection of appropriate approaches depends on the biological, socioeconomic, and political circumstances at each site.

The National Oceanic and Atmospheric Administration (NOAA) is an important partner to the conservancy in many aspects of our conservation work:

- We rely upon NOAA's data, research, and monitoring of coastal and marine systems, and have several shared priorities on which we collaborate. For example, NOAA's Coastal Services Center maintains a strong customer-service, partnership-oriented approach to providing needed information and technical assistance to States, local governments, other federal agencies, and the private sector to inform decision-making.
- We rely on NOAA's programs that support site-based conservation—those that fund conservation and restoration activities, and those that provide for management of coastal and marine systems. NOAA's ability to meet its requirements under various resource management statutes could be significantly improved by enhancing the agency's ability to fund on-the-ground conservation needs. Programs such as Coastal and Estuarine Land Conservation, Community-based Restoration, Open Rivers Initiative are excellent examples of NOAA taking a practical, community-oriented approach to conservation and management of coastal and marine resources. These programs should be expanded.
- NOAA's contributions to State and local implementation and educational programs help to ensure that the human capacity exists to address environmental management issues at the necessary scale. We are concerned that NOAA's support for human capacity to implement programs within the agency and at the State and local levels is often the first to go in tight budget environments. The committee should provide funding for staff capacity to provide technical assistance, efficiently manage grants and programs, and help to measure effectiveness. For example, funding for Cooperation with the States in NMFS Office of Protected Resources is an opportunity to better engage States in addressing the needs of federally-listed species. A similar program in the U.S. Fish and Wildlife Service has been very successful in helping to solve problems and improve the status of declining species.

Additionally, we are concerned that funding for oceans in general and NOAA specifically is declining. The conservancy urges the committee to provide appropriations for NOAA at or approaching \$4.5 billion. This funding level for NOAA would allow enhancements in the development of an integrated ocean and atmospheric observing system; increased research and education activities, expanded ocean conservation and management programs; and provide critical improvements in infrastructure (satellites, ships, high performance computers, facilities), and data management. Such an increase would represent significant progress toward addressing recommendations contained in the reports of the U.S. Commission on Ocean Policy and the Pew Oceans Commission.

Finally, we would like to work with the committee on guidance to NOAA regarding implementation of a number of key programs.

Coastal and Estuarine Land Conservation Program (CELCP).—The Nature Conservancy supports funding CELCP at \$60 million for fiscal year 2007 and looks forward to working with the committee to guide selection of high priority projects. We appreciate the committee's inclusion of report language in the fiscal year 2006 conference report directing NOAA to develop a list of eligible CELCP projects for fiscal year 2007. We look forward to delivery of that list, and hope that it will be useful to the committee as you make decisions regarding this important program.

We hope that the committee will once again include this language in your report for fiscal year 2008 project selection. The project review process for fiscal year 2007 has been illuminating in showing what is working and what is less successful. Our review of this process draws attention to three additional issues.

- First, we have found that, while some States engaged in a truly outstanding collaborative and public process to select projects, others took a more narrow approach to outreach. One of the key elements of success of the Forest Legacy

program is the emphasis the Forest Services places on public and partner involvement. NOAA should be directed to provide similar involvement.

—Second, a \$3 million project cap was included in the guidance for the call for proposals. We are concerned that this cap may be either unnecessarily constraining or may lead to inflated project proposals. States should be encouraged to request what is needed to complete a given project within an appropriate timeframe, and should work with NOAA and the Congress to ensure funding is available within budget constraints.

—Finally, we are increasingly concerned about the lack of dedicated staff capacity for CELCP at NOAA. Current practice is to assess a percentage of the project appropriation to cover NOAA staff costs. However, our practice is to request funding only for direct project costs, and we are very concerned about the impact such a tax is going to have on the ground. NOAA needs a dedicated line of funding to support program administration and management, and should be prohibited from assessing a percentage of project allocations to cover administrative costs.

NOAA Habitat Restoration.—The Nature Conservancy requests increased funding for habitat conservation and restoration to support fisheries management objectives, protected species recovery, and other coastal and marine management requirements. NOAA needs to invest more in constructive, on-the-ground and in-the-water habitat conservation. Habitat losses have a substantial impact on the health and productivity of marine ecosystems, yet NOAA's ability to work closely with communities around the country to stem or reverse these losses is limited. We are encouraged by the creation of the new Open Rivers Initiative and continued investment in the successful Community-based Restoration Program, but these great programs fall far short of what is needed to address the threats. The conservancy and NOAA are now struggling to find financing for a number of projects that we started with grants from the Community-based Program.

The conservancy recommends \$20 million for Community-based Restoration, \$7.2 million more than the President's budget, and more in line with the House and Senate recommendations going into the fiscal year 2006 conference. We request \$10 million for the new Open Rivers Initiative, \$4 million more than the President's budget. We urge you to ensure that this new program is additive to NOAA's habitat restoration capacity, and doesn't reduce funding available for existing programs.

Coral Reef Conservation Program and Coral Reef Watch.—The conservancy has developed a strong partnership with NOAA's Coral Reef program, and we are delighted with their enthusiastic desire to work together on improving resilience of coral reefs, developing approaches for sustainable financing for coral conservation activities at the local level, and other creative approaches to reducing threats to corals.

However, we are concerned with the decision made the fiscal year 2006 conference to cut funding for NESDIS coral monitoring in fiscal year 2006. The President requested \$737,000 for this modest but effective program known as "Coral Reef Watch." In 2005, not only did NESDIS scientists in this program predict a major coral bleaching event in the Caribbean, but these scientists were able to reach out to NMFS, NOS and partners in the region to use the attention generated by the event to help local managers take action to help reefs recover from the devastating effects of bleaching.

Finally, we urge you to include an additional \$1.5 million for "Local Action Strategies," a unique partnership between NOAA and States and territories to address threats to coral reefs at the local level.

Pacific Coast Salmon Recovery Fund.—The Pacific Coast Salmon Recovery Fund (PCSRF) has funded hundreds of successful on the ground salmon conservation efforts, and we are pleased that NOAA and the States receiving these funds have greatly improved tracking the process of restoration and management under this important program.

This program is a critical complement to federal salmon recovery and management efforts. It enables the State to initiate restoration of salmon habitat and manage fisheries in areas beyond the reach of the Federal Government, e.g. on private lands. The PCSRF enables the States to leverage significant amounts of State funding to address the needs of private landowners in complying with the Endangered Species Act, maintaining the economic viability of these lands, while greatly contributing to economic recovery. In Alaska, where the vast majority of salmon populations and habitats are healthy, these funds help maintain the economic viability of the salmon industry, Alaska's largest employer, by providing and maintaining fisheries that don't conflict with protection of ESA listed stocks that spend part of their life history in the Gulf of Alaska.

We are concerned about the decline in funding for the program, from \$89 million in fiscal year 2004 and fiscal year 2005 to \$67 million in fiscal year 2006, and \$66 million in the President's fiscal year 2007 request. The conservancy strongly supports \$90 million for this program. We are also concerned how the funds are allocated across the five States involved in the program. We feel that the conservation activities oriented towards recovery and protection of salmon should be the primary purpose of this program, and therefore urge the committee to consider including report language in this year's appropriation that more explicitly links expenditures of PCSRF funds to recovery actions identified in federal and State salmon recovery and management plans, where applicable.

Thank you for this opportunity to share with the committee the conservancy's priorities in NOAA's fiscal year 2007 budget. We would be pleased to provide the committee with additional information on any of the conservancy's activities described here or elsewhere. You may contact Erika Feller at 703-841-5374, if you have questions on which we might be of assistance.

PREPARED STATEMENT OF LIGA CONCIENCIA AMBIENTAL DEL ESTE, INC.

On behalf of the (LIGA) "Liga Conciencia Ambiental del Este", I appreciate the opportunity to present this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program for the San Miguel project in Puerto Rico.

The LIGA is a non-profit organization of citizens which volunteer at schools, participate in local conservation efforts and aim to preserve and protect the Northeast Ecological Corridor (NEC) from the reckless impactful surge of construction already quite evident. This exotic coastline area between Fajardo and Luquillo in Puerto Rico is unbelievably unique and pristine with an array of habitats seldom found in other parts of the world. It is home to about 40 rare or "critically endangered" species. Please note that the NEC coastal area is considered the third most important endangered Leatherback Turtle nesting area in the U.S. jurisdiction. The Fish and Wildlife Supervisor James Oland has stated that "this beach area is the only pristine habitat extensive enough to allow for its (Leatherback Turtle) future recovery in Puerto Rico". Beautiful corals still exist and various Pre-Columbine Forest types. Various wetlands remain here, essential to the existence of the biodiversity present, like for example a rare biological phenomenon of not one but two "thriving bioluminescent lagoons". There may also exist Taino and historical archeological finds yet to be correctly researched. The "accumulative effects" of the proposed Dos Mares and San Miguel Resorts "mega constructions" would ultimately negatively effect further the water shortage problems of this area, due to the more than 3,000 residential and touristic units, casinos and gold courses etc., resulting in a deficit of over 4 million gallons of water per day.

Of further need is the concern to have public access to our beaches, and a proper buffer zone for our "El Yunque National Forest" which should extend from the top of the mountain down to the coast. This forest contains the only U.S. tropic wilderness area and is also the only tropical forest in the United States. We of the LIGA are totally against high intensive (5 star) development and truly wish that with your help, a natural reserve with the alternative of real ecotouristic recreational opportunities, could be made available in the future.

We have in our hands the chance to save and prepare for future generations, a treasure of rare land, ocean and animal species; not only for our local citizens and children but also to share with the rest of the world. We urge you to please include this project in the fiscal year 2007 Commerce, Justice and Science Appropriations bill. We thank you for your attention and remain hopeful that you will truly consider this proposal-which could only serve to benefit mankind.

PREPARED STATEMENT OF THE NISQUALLY INDIAN TRIBE

Mr. Chairman, my name is Dorian Sanchez and I am the chairman of the Nisqually Indian Tribe. On behalf of the tribe, I would like to submit the following written testimony on the fiscal year 2007 budget for the Office of Justice Programs.

The Nisqually Reservation is located in Washington State. We currently employ nine land patrol law enforcement officers to patrol 5,000 acres of reservation and near reservation lands. In addition, Nisqually Tribe Police has extensive marine water enforcement duties and employs two water patrol officers to patrol over 100 square miles of Puget Sound for both the treaty salmon fishery and treaty shellfish harvesting. Tribal law enforcement also provides hunting enforcement for over

50,000 acres of land in the tribe's usual and accustomed area within the Nisqually River watershed.

We also employ ten detention officers at our 45-bed detention facility, which was built with Department of Justice funding in 2002. Like many other tribes, we are struggling to cope with escalating methamphetamine use and associated increases in gang activity and property crime related to drug dealing and manufacturing. The methamphetamine crisis has received significant attention recently in Congress and in the media, but what is often overlooked is the disproportionately devastating impact that meth has had on Indian communities across the country. Tribes' resources are stretched beyond capacity in order to address this problem.

JUSTICE ASSISTANCE

The administration proposed to consolidate several programs, including law enforcement and juvenile justice programs, under the Justice Assistance account. Overall funding for these programs would be significantly reduced under this proposal, and many programs that specifically serve tribes would be cut entirely. The tribe opposes any effort by the administration to reorganize the funding structure in order to mask program cuts, and we request that the administration restore funding to the following programs:

- Incarceration on tribal lands (\$15 million);
- Tribal courts initiative (\$8 million); and
- Indian country grant program (\$5 million).

JUVENILE DELINQUENCY PREVENTION

The tribe also requests that the subcommittee restore full funding for title V local juvenile delinquency prevention programs and, in particular, that the \$10 million earmark for the Tribal Youth Program (TYP) be restored. For fiscal year 2007, the administration has requested only \$32 million for delinquency prevention programs—this is half of the fiscal year 2006 enacted amount. In past years, \$10 million of this funding has been earmarked for tribal juvenile delinquency prevention programs under the TYP line item, but in the fiscal year 2007 budget proposal, no funding is specifically designated for tribal youth programs.

In most tribal communities, juvenile delinquency early intervention programs are funded by TYP grants. The Nisqually Indian Tribe received TYP funding in 2000 to support the Nisqually Indian Juvenile Justice Improvement Project, and these funds were used to hire and train a youth counselor for the youth court and to develop detention alternatives, such as diversion, community peer review, traditional dispute resolution, drug courts and mentoring programs. The tribe received funding again in 2003 for the tribe's At-Risk Native Youth Intervention project, a program to provide targeted outreach, assessment, support and mental health services to children who are at risk for academic failure or are already involved in the juvenile justice system. If funds are not earmarked for tribal programs, competition will intensify for this already-limited source of funding, and programs like these may not be funded in the future.

In addition, the tribe supports restoration of the Juvenile Accountability Block Grant program. The administration has again proposed to eliminate this important program entirely, calling it "unfocused." On the contrary, as Congress has recognized in restoring this program for the past 3 years, it provides essential funding for substance abuse and mental health services and graduated sanctions programs. Of particular importance in Indian country is the Tribal Juvenile Accountability Discretionary Grant program, a separate JABG allocation for Indian tribes to provide delinquency prevention services. Successful delinquency prevention programs require coordination of multiple systems (substance abuse, mental health, child welfare, courts, detention, community-based alternatives to detention, etc.). For this wraparound approach to work, all these programs must receive funding, and tribes must have the flexibility to allocate resources among them as needed. JABG grants are an important source of this flexible core funding; if these grants are eliminated, tribal juvenile justice systems will be severely crippled.

TRIBAL COPS

The tribe supports the administration's proposed \$16 million increase to the tribal COPS program. We are concerned, however, that this increase is being used to justify cuts to all the other tribal programs discussed above. It is important that the subcommittee understand that funding for justice programs in Indian country still falls far short of meeting the severe need for law enforcement and tribal justice resources—a need that will be even greater this year in light of significant cuts to Indian programs—including the Tribal Courts program—proposed by the Bureau of

Indian Affairs. Tribes depend on law enforcement and tribal justice funding and this year—at the height of the meth crisis—this funding should be increased, not simply redistributed or reduced overall.

If we can provide any additional information, please do not hesitate to contact our counsel, Mary J. Pavel or Addie C. Rolnick at Sonosky, Chambers, Sachse, Endreson & Perry, LLP, 1425 K Street NW, Ste. 600, Washington, DC 20005; 202-682-0240 (tel); 202-682-0249 (fax); mpavel@sonosky.com; arolnick@sonosky.com.

PREPARED STATEMENT OF THE SKOKOMISH TRIBAL NATION

Good morning. My name is Gordon James. I am the chairman of the Skokomish Tribe of Washington State. On behalf of the tribe, I would like to submit the following written testimony on the fiscal year 2007 budget for the Office of Justice programs. The tribe respectfully requests that the subcommittee support the administration's proposed increase to the Tribal COPS program and reject the administration's proposed cuts to other tribal justice programs.

The Skokomish Department of Public Safety has been granted the responsibility and authority to enforce laws and regulations as set forth by the Skokomish Tribal Council. Enforcement of tribal laws and regulations will enhance and strengthen the development of the tribe's human resources, encourage the development of the reservation, and support community values and goals for the achievement of self-determination as a nation. The tribe provides the only marine law enforcement and rescue services in a 35-mile radius of the southern Hood Canal. In addition, the department works closely with non-tribal law enforcement agencies and with neighboring tribes to combat the scourge of drug trafficking in this rural area.

As the committee is undoubtedly aware, drug abuse is rampant on many Indian reservations, and the recent increase in methamphetamine use has had an especially damaging effect on Indian country. The Skokomish Reservation saw significant population growth in the 1980s and early 1990s, and along with this growth came an alarming increase in the extent and severity of drug use and abuse. Our community is coping with the far-reaching effects of methamphetamine abuse, placing a far greater burden on our law enforcement, health and child welfare services, as well on our court system.

According to data from the tribe's Alcohol Service program, more than half of our young adults are affected by drug dependency. We have also seen an increase in drug-related crimes, such as armed assaults, drug manufacturing and drug dealing. Of the 1,800 calls that tribal police have responded to in the last 6 months, more than one-third have been drug-related, and many of these calls involved non-Indians. Because non-Indians often view reservations as places where they can manufacture and sell drugs free from State authority, we have also seen an increase in clandestine methamphetamine labs on the reservation. Tribal officers play a key role in detecting and busting these labs, and it is clear that if the tribe is forced to close its department or scale back its law enforcement and justice resources, our rural community will indeed become a haven for meth and other drugs.

The Skokomish Department of Public Safety places strong emphasis on Community Oriented Policing for Skokomish tribal members, residents and visitors of the Skokomish Indian Reservation. The department consists of both patrol and fish and wildlife enforcement divisions, which help the department obtain its goals of proactively suppressing criminal activity, preventing crime, and protecting the Skokomish Tribe's interests, lands, and properties. The two departments were consolidated in 2003 to allow for more effective patrol services within the reservation. In the last 10 years, the Department of Public Safety (DPS) has grown from 1 untrained officer to a force of 13 Washington State/BIA-certified officers. There are currently 11 full time officers (3 of which are assigned primarily to Fish and Wildlife Enforcement) and 2 provisional officers (1 of which is also assigned to Fish and Wildlife duties). The department also utilizes the services of 6 reserve police officers. We also employ a full time civilian that acts as court clerk and administrative assistant. All Skokomish Public Safety officers are cross-trained to perform patrol duties and fish and wildlife enforcement.

The Patrol Division operates 7 days a week, 24 hours a day. It supports the mission of the department by preserving the peace, conducting investigations of crimes, providing patrols on tribal lands and properties, answering calls for assistance, detecting criminal activities, identifying potential disturbances, enforcing traffic regulations on reservation lands, investigating and responding to accidents, arresting criminal offenders, and providing emergency services.

The Fish and Wildlife Enforcement division works to protect tribal treaty fishing, hunting and shellfish rights. Skokomish fish and wildlife officers are fully commis-

sioned tribal police officers. They enforce fish, wildlife and environmental laws, patrol fishing sites, inspect nets, check tribal identification, regulate hunting and fishing licenses, monitor fishing, hunting and shellfish locations, and investigate violations of Skokomish fish and wildlife, criminal, and traffic codes.

The tribe supports the administration's proposed \$16 million increase to the tribal COPS program. The COPS program provides a flexible source of funding for tribal law enforcement programs like the Skokomish Department of Public Safety and many tribes depend on these grants.

However, this increase should not be balanced with cuts elsewhere in the budget for tribal programs. Increased funding for the COPS program is sorely needed in Indian country, but tribes should not be forced to sacrifice funding for tribal courts, juvenile delinquency prevention and other justice programs in order to secure adequate law enforcement funds. The entire range of law enforcement and justice programs (prevention, early intervention, law enforcement, prosecution, detention) in Indian country has always been drastically underfunded, and the need for this funding has only intensified with the rampant methamphetamine production and use on reservations. We ask the committee to recognize this need and reject the administration's proposed elimination or reduction for the following tribal programs:

- Incarceration on tribal lands (\$15 million);
- Tribal courts initiative (\$8 million);
- Indian country grant program (\$5 million); and
- Tribal Youth Program, title V local juvenile delinquency prevention (\$10 million).

We cannot overstate the importance of this funding to Indian country.

If we can provide any additional information, please do not hesitate to contact our counsel, Mary J. Pavel or Addie C. Rolnick at Sonosky, Chambers, Sachse, Endreson & Perry, LLP, 1425 K Street NW, Ste. 600, Washington, D.C. 20005; 202-682-0240 (tel); 202-682-0249 (fax); mpavel@sonosky.com; arolnick@sonosky.com.

PREPARED STATEMENT OF THE CONSERVATION TRUST OF PUERTO RICO

The Conservation Trust of Puerto Rico (CTPR) presents this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program for the San Miguel Project in the Commonwealth of Puerto Rico.

CTPR was created in January 23, 1970 by the government of the Commonwealth of Puerto Rico and the U.S. Department of Interior as a private, nonprofit organization devoted to the protection and conservation of the natural resources of the Island of Puerto Rico. Its sole beneficiary is the people of Puerto Rico. The trust is administered by three trustees jointly designated by the Governor of Puerto Rico and the U.S. Secretary of Interior.

As the foremost non-governmental conservation entity in the island, CTPR currently protects more than 17,000 acres of land on 20 nature areas across the island, provides interpretive programs to over 106,000 visitors per year in its three sites open to the public, promotes citizen participation in conservation and reforestation activities through its education programs, and produces about 65,000 native trees a year in its four tree nurseries. The trust has a staff of 95 employees who work in property management, visitor interpretive services, land acquisitions, donations, and conservation easements, public education, fundraising, and administration.

One of the trust's principal mandates is to acquire—through purchase, donations, easements, or other mechanisms—land that is vital to Puerto Rico's natural and cultural heritage; and to maintain and care for the land already under its protection. In selecting properties for acquisition, the trust seeks land of extraordinary natural, aesthetic, and historic value.

Since the mid-1980s, the Conservation Trust of Puerto Rico has been active in land acquisition, management, and conservation efforts of the lands adjacent and within the Northeastern Ecological Corridor (NEC).

The NEC, comprising approximately 3,200 acres, is one of the Caribbean's last, great, unprotected areas. Located on the eastern corner of the main island of Puerto Rico within the municipalities of Luquillo and Fajardo, the NEC contains an extraordinary diversity of tropical habitats seldom found in other parts of the world. In addition to coral communities, mangroves, and pre-Columbian forests, all the different varieties of coastal wetlands found throughout Puerto Rico are represented within the NEC. The wetlands in this area are essential to the existence of a seasonal bioluminescent lagoon known as Laguna Aguas Prietas, an extremely rare biological phenomenon.

The NEC also acts as a natural bridge where all of Puerto Rico's six ecological life zones are connected: from a coastal dry forest in Las Cabezas de San Juan Na-

ture Reserve to a lower montane rain forest in *El Yunque* Caribbean National Forest. In one end of the Corridor is Las Cabezas de San Juan Nature Reserve, a 539 acres coastal protected area owned and managed by the trust, considered one of Puerto Rico's most important natural areas. This reserve contains a prize-winning restoration of an 1882 neoclassic lighthouse (*El Faro*) built by the Spaniards that is open to the public since April 1991. Of the island's 14 lighthouses, *El Faro*'s is the second oldest and is recorded on the Federal Register of Historic Places. A nature center located in the lighthouse provides close-up educational views of the reserve's animals and plants, and a rooftop observation deck offers spectacular vistas of *El Yunque*, the NEC, St. Thomas and islands as distant as Tortola. Home to 96 bird species, the reserve is popularly known for its coastal lagoon (*Laguna Grande*), one of three major bioluminescent water bodies in Puerto Rico exhibiting this unique biological phenomenon all throughout the year. This nature reserve receives more than 50,000 visitors annually.

In the other end of the Corridor is *El Yunque* Caribbean National Forest. Designated as a United Nations Biosphere Reserve, *El Yunque* is composed of more than 25,000 acres of land. This forest was originally set aside in 1876 by the Spanish Crown and is one of the oldest protected areas in the Western Hemisphere. It is also the only tropical rain forest within the United States national forest system. The forest contains rare wildlife and is home to over 50 species of birds, including the Puerto Rican parrot—one of the ten most endangered species of birds in the world. Considered Puerto Rico's most popular nature attraction, *El Yunque* receives more than 800,000 visitors per year.

This incredible ecological diversity, found at a distance of less than 13 miles in length, adds to the NEC's great natural value and uniqueness. Such an occurrence, in an amazing limited area, is extremely rare in any location around the world. This is why the Conservation Trust of Puerto Rico has actively engaged in the protection and conservation of the NEC and its surrounding areas. In 1986, CTPR acquired the lands that currently compose Las Cabezas de San Juan Nature Reserve. In 1992, the trust, in collaboration with the Puerto Rico Department of Natural and Environmental Resources (DNER), proposed the designation of the NEC as an extension of Las Cabezas de San Juan Nature Reserve under the name of Segmento El Convento. Since then, the National Oceanic and Atmospheric Administration (NOAA) has requested that the Puerto Rico Coastal Zone Management program, administered by the DNER, develop a strategy and a schedule for the official designation and establishment of the NEC as a nature reserve.

Available for acquisition in fiscal year 2007 is the 1,277-acre San Miguel property, consisting of three parcels within the NEC. These parcels contain extensive wetland areas contiguous to the Pitahaya, Juan Martín and Sabana rivers, and harbor an array of unique upland and wetland ecosystems. The project site includes some of the last remaining unspoiled dune systems and a significant coral community immediately off shore. Its bird fauna is remarkable and according to the DNER, it has one of the highest diversity of birds of any natural protected area in the north region of the island. The property falls within the range of over 40 rare species of flora and fauna, some even unique to Puerto Rico, including 16 federally threatened or endangered listed species, such as the Hawksbill sea turtle, Virgin Island boa, Puerto Rican boa, brown pelican, Puerto Rican plain pigeon, West Indian manatee, and Cobana negra (a flowering tree). The area is best known, however, as one of the most important nesting grounds for Leatherback sea turtles in the United States and the Caribbean. Over 420 Leatherback sea turtle nests were recorded during the 2005 nesting season. Due to its ecological value, the NEC has been identified by the DNER, the USDA Forest Service's International Institute of Tropical Forestry and the U.S. Fish and Wildlife Service, as a critical wildlife area of primary importance in Puerto Rico. The NEC also contains a variety of archeological resources, such as historical tools and structures.

At the present time, several multinational lodging corporations have proposed various mega luxury residential-tourist resorts within the NEC. Given the ongoing controversy over development of the property, the owners are considering to make the land available for conservation if funding is secured. Federal agencies, the Commonwealth of Puerto Rico, and private parties have come together in an effort to preserve this remarkable coastal property. Public ownership will preserve the coastal resources, protect the rivers and wetlands, buffer *El Yunque* Caribbean National Forest, and provide public beach access and recreational opportunities.

Approximately \$25 million will eventually be needed to complete the San Miguel acquisition. If this effort should fail, some form of development would likely occur on this highly environmentally sensitive property. The construction of the proposed resort would undermine past and current conservation efforts in an area that has been widely recognized by the Federal and Commonwealth agencies, and private

conservation organizations, such as the Conservation Trust of Puerto Rico, for its unique expression of biological diversity.

A fiscal year 2007 appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation program is needed to further the protection of the San Miguel tracts. These funds will be matched by \$2.27 million in settlement funds from the Barge Berman oil spill (specifically for land acquisition), up to \$5.7 million of other oil spill settlement funds (for restoration categories) and additional funds are being raised by other interested private parties. The Conservation Trust will collaborate and provide additional matching funds to secure this transaction. I urge you to include this project in the fiscal year 2007 Commerce, Justice, and Science Appropriations bill.

With a limited land mass and a growing population, Puerto Rico must act quickly to counter the encroachment of urban areas into unique wildlife habitats, such as the ones found in the Northeastern Ecological Corridor. Maintaining the health and viability of native habitats and biodiversity is essential to our ecological, economic, cultural and social sustainability. Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration to this important request in favor of one of Puerto Rico's most threatened coastal ecosystems.

PREPARED STATEMENT OF THE NATIONAL CENTER FOR VICTIMS OF CRIME

The National Center for Victims of Crime submits this testimony to urge members of the Subcommittee on Commerce, Justice, Science, and Related Agencies to once again reject the proposed rescission of the Victims of Crime Act (VOCA) fund as part of the Department of Justice appropriations legislation. In addition, we urge subcommittee members not to allow the creation of additional earmarks from the VOCA fund, and to set the cap on distributions from the fund at \$685 million for fiscal year 2007.

The National Center for Victims of Crime, the leading national resource and advocacy organization for victims of crime, knows the considerable and urgent funding needs of those who serve crime victims. Since our founding in 1985, we have worked with public and nonprofit agencies throughout the country, providing information, support, and technical assistance to thousands of victims, victim service providers, allied professionals, and advocates. Our toll-free information and referral helpline alerts us to the needs of crime victims nationwide. Through our training institute and our daily interactions with our members and the nearly 10,000 crime victim service providers in our referral network, we stay informed of their work and know the impact of federal-level funding decisions on their ability to meet the needs of victims. In short, we hear from victims and service providers every day about the impact and importance of the VOCA fund.

UNDERSTANDING THE VOCA FUND

Congress created the VOCA fund over 20 years ago to ensure on-going, dedicated federal support for State and local crime victim programs. The fund receives no taxpayer dollars; it is comprised solely of criminal fines and penalties imposed on federal offenders. Most of the funds are distributed each year by formula grants to the States to fund: (a) crime victim compensation programs, which pay many of crime victims' out-of-pocket expenses that directly result from the crime; and (b) crime victim assistance programs. VOCA assistance funding supports more than 4,400 State and local victim programs, including rape crisis centers, domestic violence shelters, victim assistants in law enforcement and prosecutor offices, and other direct services for victims of crime.

VOCA funds support services such as:

- The Prescott House Child Advocacy Center in Birmingham, Alabama;
- an advocate for elder victims of domestic violence at the Women's Community in Wausau, Wisconsin;
- the Pro Bono Counseling Project, serving crime victims in Baltimore, Maryland;
- Our House, a program for homicide survivors in Greenville, Mississippi;
- the Upper Ohio Valley Sexual Assault Help Center in Wheeling, West Virginia;
- the State MADD office in Baton Rouge, Louisiana; and
- the victim/witness unit of the Commonwealth's Attorney's Office in Winchester, Virginia.

VOCA assistance dollars fund services that help victims in the immediate aftermath of crime, including accompaniment to hospitals for examination; hotline counseling; emergency food, clothing, and transportation; replacing or repairing broken locks; filing restraining orders; support groups; and more. VOCA money also funds assistance as victims move through the criminal justice system, including notifica-

tion of court proceedings, transportation to court, help completing a victim impact statement, notification about the release or escape of the offender, and help in seeking restitution.

Along with funding programs that serve victims, VOCA dollars support crime victim compensation, which steps in when victims have no insurance, no workman's compensation, and no other assistance to meet out-of-pocket expenses related to the crime. The Crime Victim Compensation program pays medical bills, counseling costs, crime scene cleanup, burial costs, and similar expenses. The VOCA fund reimburses States for 60 percent of their compensation costs.

VOCA assistance grant money is crucial to enable both criminal justice system-based and community programs to serve victims of crime. Programs report that they have already made significant cuts due to recent reductions in State and private funding. They have already taken such steps as closing satellite offices, reducing services for family members of victims, cutting staff positions, and eliminating staff training. The VOCA subgrants have been their remaining stable source of funding.

WHY THE VOCA FUND CURRENTLY HAS A BALANCE

In 1999, Congress acted to ensure the stability of VOCA funding. For many years, all money collected in a given year was disbursed in the following year. However, the nature of the funding stream—all criminal fines on federal offenders—caused the level of available funding to vary significantly. In some years, large fines against corporate offenders caused a surge in deposits. In 1999, Congress chose to reserve a portion of the deposits from such years to offset lower collections in leaner years. That year, Congress placed a cap on the amount of funding disbursed from the fund. The appropriations conference report noted that “the conferees have taken this action (delaying annual fund obligations) to protect against wide fluctuations in receipts into the fund, and to ensure that a stable level of funding will remain available for these programs in future years” (fiscal year 2000; Conf. Rpt. 106-479).

REJECT THE PROPOSED RESCISSION

The administration's proposed budget for fiscal year 2007 would rescind the balance of the VOCA fund at the end of fiscal year 2007. This rescission, which would include any amounts remaining after the fiscal year 2007 appropriation and all moneys collected in fiscal year 2007, would produce a zero balance in the VOCA fund at the start of fiscal year 2008. If enacted, this proposal would cause havoc in the victim assistance and compensation arenas, and risk permanently destabilizing the web of support for victims of crime that has been built during the past 20 years. Congress rejected such a proposal last year, and we urge you to do the same for fiscal year 2007.

IMPACT OF RESCISSION ON VICTIM COMPENSATION

Crime victim compensation programs must know where they stand financially at the outset of the year to make payments predictably and on time. When preparing their budgets, State compensation programs assume they will receive reimbursements for 60 percent of their qualifying payouts to victims, as the Victims of Crime Act provides. However, if the VOCA fund has a zero balance at the beginning of fiscal year 2008, State compensation programs cannot be sure that they will receive that entire reimbursement. It could be an entire year before a compensation program knows, for example, whether it can pay a physician's bill for an assault victim's emergency surgery. During that year, the assault victim may have to endure repeated harassment from bill collectors while waiting for a decision on his compensation claim. A delay in payment and uncertainty in the amount of the VOCA grants to compensation programs is a bureaucratic headache to administrators, but an injustice to victims of crime awaiting payments.

IMPACT OF RESCISSION ON VICTIM SERVICES

The rescission would undermine the ability of many victim assistance agencies to keep their doors open. VOCA assistance dollars provide ongoing support to existing programs that help victims through the criminal justice process and provide them needed counseling and support to recover from the offense. Even as they struggle to diversify and expand their funding sources, victim assistance agencies must still rely on their VOCA grants to remain open.

A rape crisis center that loses its VOCA funding, even for several months, is likely to lose staff and discontinue services—which hurts both victims and the program's longterm viability. When a victim seeks the center's help to cope with a traumatic sexual assault, it's no good telling her to come back in 6 months when a counselor

may be available. When the rape crisis center has to end its outreach and services for Spanish-speaking victims, it's no good trying to pick up the pieces a year later when some funding is restored. The damage has been done, and the center's work to build relationships and a reputation with that community has been set back years.

Similarly, if a criminal justice agency loses the funding for its victim assistance staff, the loss disrupts the office's efforts to maximize the victim's effective participation in the criminal justice process. It also undermines the ability of the criminal justice system to comply with crime victims' rights laws.

Moreover, the State granting agencies that direct VOCA funds to providers must know at the outset of each year the total amount of VOCA victim assistance dollars they will have to disburse before they begin making grants. Such information is integral to their ability to responsibly and effectively manage such a formula grant.

FISCAL YEAR 2007 VOCA FUNDING SHOULD BE SET AT \$685 MILLION, WITH NO
ADDITIONAL EARMARKS

Finally, even though our first priority is the rejection of the proposed VOCA fund rescission, we also urge you to set the cap on the VOCA fund at \$685 million for fiscal year 2007 and block additional earmarks from the VOCA fund, even for projects that serve crime victims. Increasing the cap to \$685 million would allow victim services to meet growing needs. In Virginia, advocates anticipate a 10 percent reduction in victim/witness staff due to the rising costs of benefits. They also anticipate a 10 percent decrease in funding for sexual assault services. In Wisconsin, advocates report a growing number of victims of financial abuse and identity theft, as well as increases in violent offenses. Advocates elsewhere speak of the need to expand services to elderly victims, to immigrant victims, and to teen victims of crime. Additional funding could support services for those victims.

At the same time, Congress must be vigilant against the creation of earmarks out of the VOCA fund. Congress designed the VOCA fund to support formula grants that allow each State to fund victim services on the basis of the needs and strategic plans of that State. Additional earmarks on money from the general VOCA fund would thwart Congress' intentions in designing the fund.

Congress' creation of the VOCA fund in 1984 fundamentally changed the way our Nation responds to victims of crime. In establishing the fund, Congress acted to provide ongoing support for services and compensation programs that help victims rebuild their lives. Congress reaffirmed its commitment to victims last year, when it rejected the administration's proposal to rescind the VOCA fund. We urge you to reject that proposal again this year, preserving the VOCA fund for the purposes for which it was created, to appropriate \$685 million from the fund for fiscal year 2007, and to resist any pressure to further earmark the fund.

PREPARED STATEMENT OF THE SIERRA CLUB, PUERTO RICO

On behalf of the Sierra Club of Puerto Rico and the national Sierra Club, I thank the committee for its time and consideration. The following testimony is in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation program for the San Miguel project in Puerto Rico.

The Sierra Club was founded in 1892 to explore, enjoy and protect the environment. Our 800,000 members continue more than 100 years later in this effort. The Puerto Rico chapter is the newest of the Club's 64, and was formalized a little over a year ago after 4 years of work, largely on the goal of protecting the Northeast Ecological Corridor. I refer you to the attached formal resolution passed by the Sierra Club's national board of directors upon the official formation of the chapter here in Puerto Rico in February of 2005.

I will also refer you to the testimony of our fellow environmental organizations for a more detailed review of the environmental values of the Northeast Ecological Corridor which are numerous: it's 40 rare, at risk, endangered and endemic species; the endangered Leatherback turtle which nests in the Corridor, one of the three most important nesting sites for the turtles in all of U.S. jurisdiction; the *Pterocarpus*, mangrove and pre-Columbian forests, and much more.

I instead will focus on environmental trends in Puerto Rico and the vision our coalition is proposing for the Northeast Ecological Corridor and the northeast region of Puerto Rico.

With 3.9 million people in only 3,500 square miles, Puerto Rico has a higher population density than Japan. The island is also among the most road-covered places in the world and boasts 2.4 million cars on streets and highways which often leave residents trapped in endless traffic jams. After decades of rapid development, Puerto

Rico is 14 percent urban, compared with 2.6 percent of the mainland landmass. While developed areas are growing three to four times faster than the population, urban density is decreasing, leaving huge numbers of abandoned buildings. The result is sprawl development which is threatening to destroy the very essence of Puerto Rico, commonly known as "la Isla del Encanto" or the Island of Enchantment". Three-fourths of the islands' construction projects are granted zoning exemptions.

Concerned about both the degradation of the quality of life of local residents and the diminishing of the island's unique tourism potential, an array of organizations formed what is now known as the Coalition for the Northeast Ecological Corridor. It is comprised of 20 local, island-wide, national and international organizations as well as over 1000 individuals dedicated to the permanent protection of the Corridor.

We hope to see the Corridor protected as a Nature Reserve but with a plethora of eco-tourist amenities including: kayaking, mountain biking, camping, access for fishermen, etc. But at the heart of this proposal is in the economic development of the two towns adjacent to the Corridor, Luquillo and Fajardo. Our hope is that tourists visiting the Corridor will have to enter the Reserve through the two towns and that the services tourists use will be based in these towns. We hope to see development of equipment rental stores, small hotels, restaurants, etc.

The Corridor serves as a natural link between other regional eco-tourism destinations. El Yunque National Forest, for example, is only a 15 minute drive from the Northeast Ecological Corridor, is the second most visited place in Puerto Rico. But the thousands of the tourists that visit the forest have little reason to stay in the region. For this reason the coalition is proposing the designation of an Eco-Tourism region which would be called La Porta de la Naturaleza, modeling after the island's western tourism destination, La Porta del Sol.

We are proposing a sort of package. Tourists would leave San Juan traveling east. They would spend a day biking and tasting typical Afro-Puerto Rican food at widely known kiosks in Piñones, Puerto Rico's largest mangrove forest. They would spend several days exploring El Yunque's trails, waterfalls and hidden swimming holes, staying in one of many country inns in the area, before heading to the Northeast Ecological Corridor. After several days there the typical tourist would take off for one of Puerto Rico's smaller islands, Vieques or Culebra.

We imagine this eco-tourism region taking life for non-Puerto Ricans during the winter months and internal tourists during the summer months, preserving some of the encanto for the enjoyment of residents and non-residents alike. The northeastern region already has 6,000 luxury hotel units built, in construction, or in planning in addition to 14 golf courses. The Northeast Ecological Corridor is too special to sacrifice for more of the same.

It is with this hope to protect the Northeast Ecological Corridor, one of Puerto Rico's only remaining undeveloped coastal areas of considerable size that we respectfully request your support of the proposed appropriation.

I thank you, Mr. Chairman, on behalf of the Sierra Club's 800,000 members, for the opportunity to present this testimony and for your consideration of this important request.

RESOLUTION

DESIGNATION OF PUERTO RICO'S NORTHEAST ECOLOGICAL CORRIDOR AS A NATURE RESERVE

Whereas, the Sierra Club is America's oldest, largest and most influential grass-roots environmental organization, with over 700,000 members.

Whereas, the Sierra Club, through all lawful means, seeks to explore, enjoy and protect the wild places of Earth; practice and promote the responsible use of Earth's ecosystems and resources; and educate and enlist humanity to protect and restore the quality of the natural and human environment.

Whereas, the Northeastern Ecological Corridor ("NEC"), comprising approximately 3,200 acres on the eastern corner of the main island of Puerto Rico, is one of the Caribbean's last great-unprotected areas, containing an extraordinary array of tropical habitats seldom found in other parts of the world.

Whereas, all of the coastal wetlands found in Puerto Rico, such as coral communities, mangroves, pre-Columbian forest, and a bioluminescent lagoon, are represented within the NEC.

Whereas, the diversity of habitats within the NEC have made this area home of the federally endangered Puerto Rican ("PR") Plain Pigeon, the Snowy Plover, the Brown Pelican, the Puerto Rican Boa, the Hawksbill Sea Turtle and the West Indian Manatee, among other 40 critical species (rare, endemic, threatened and endangered), some even designated as critically endangered by the World Conservation Union (IUCN).

Whereas, the NEC is considered one of the most important nesting grounds for Leatherback sea turtles (*Dermochelys coriacea*) in areas under U.S. jurisdiction.

Whereas, the NEC's conservation and location within the foothills of the Caribbean National Forest (El Yunque Rain Forest), a United Nations Biosphere Reserve and only tropical rain forest managed by the U.S. Forest Service, helps guarantee this area great natural value and uniqueness.

Whereas, the NEC is currently threatened by the construction of over 1,900 residential and tourist units, two 18-holes golf courses and a 9-holes golf course, as well as related facilities from the development of the San Miguel Resort and the Dos Mares Resort, to be managed by Four Seasons Resorts & Hotels and Marriott International, respectively.

Whereas, the construction of the San Miguel-Four Seasons Resort and the Dos Mares-J.W. Marriott Resort would include the filling of wetlands, canalization of rivers and the clearance of coastal vegetation, significantly impacting the species and other living resources that inhabit on the NEC.

Whereas, the San Miguel-Four Seasons Resort and the Dos Mares-J.W. Marriott Resort would further deplete the limited water supplies needed by local communities, affecting the quality of life of thousands of U.S. citizens in the eastern region of Puerto Rico; in addition to severely limiting citizen's access to public beaches and lands within the NEC.

Whereas, the development of the San Miguel-Four Seasons Resort and the Dos Mares-J.W. Marriott Resort would be contrary to the goals and objectives of the U.S. Clean Water Act, the U.S. Endangered Species Act, the U.S. Coastal Zone Management Act and the U.S. Coastal Barriers and Improvement Act, including several Commonwealth's statutes.

Whereas, the destruction of the NEC's ecology and natural integrity, and the elimination of its common enjoyment for the sole benefit of private interests would be contrary to any principles of environmental justice and sustainable development.

Now, therefore, be it resolved that the Sierra Club's Board of Directors endorses the Sierra Club's new Puerto Rico Chapter in its efforts to achieve the designation of the NEC as a nature reserve, an action proposed since 1978 and supported by the U.S. Fish & Wildlife Service, the University of Puerto Rico—Río Piedras Campus' Department of Biology, the Catholic Church's Dioceses of Caguas, the Governor of Puerto Rico, Sila M. Calderón's Environmental Council, local community and environmental groups and national conservation organizations.

Be it further resolved that the Sierra Club's Board of Directors requests that Four Seasons Resorts & Hotels and Marriott International withdraw any further interest in developing the San Miguel Resort and Dos Mares Resort on the NEC, respectively.

Be it further resolved that the Sierra Club Board of Directors Chapter requests that the Commonwealth of Puerto Rico designate the NEC as a nature reserve, as proposed by the Puerto Rican Department of Natural & Environmental Resources in 1992.

Unanimously passed on Saturday, February 19th, 2005.

PREPARED STATEMENT OF THE NATIONAL COUNCIL FOR SCIENCE AND THE ENVIRONMENT

SUMMARY

The National Council for Science and the Environment (NCSE) urges Congress to appropriate at least \$6.02 billion for the National Science Foundation (NSF) in fiscal year 2007, an increase of \$439 million or 7.9 percent relative to fiscal year 2006. NCSE supports this increase in order to put NSF on the doubling track that is proposed in the President's American Competitiveness Initiative as well as a series of recent bills and reports. NCSE encourages Congress to support a faster rate of growth in order to implement previous recommendations of the National Science Board regarding the importance of expanding NSF's environmental research and education portfolio.

The United States leads the world in scientific discovery and innovation, but we should not take this leadership for granted. The long-term prosperity of the Nation, our quality of life, as well as our national and homeland security require a strong and steady commitment of federal resources to science and technology. Environmental R&D is a critical component of the overall federal investment in research and development. Federal investments in environmental R&D must keep pace with the growing need to improve the scientific basis for environmental decisionmaking.

As a result of the recent reorganization of the Senate Appropriations Committee, the Subcommittee on Commerce, Justice, Science and Related Agencies now has broader jurisdiction over environmental research and education. NCSE commends the subcommittee for its past bipartisan leadership in support of science to improve environmental decisionmaking. The subcommittee has an historic opportunity to address pressing national challenges by appropriating strong and growing funding for environmental research and education at NSF, NOAA, and other science agencies under the subcommittee's expanded jurisdiction.

The National Council for Science and the Environment is dedicated to improving the scientific basis for environmental decisionmaking. We are supported by over 500 organizations, including universities, scientific societies, government associations, businesses and chambers of commerce, and environmental and other civic organizations. NCSE promotes science and its essential role in decisionmaking but does not take positions on environmental issues themselves.

NSF BUDGET REQUEST

The President's budget request would increase funding for the National Science Foundation by \$439 million or 7.9 percent to \$6.02 billion in fiscal year 2007. Even if Congress approves the President's request to increase the NSF budget by 7.9 percent in fiscal year 2007, the NSF budget would still be slightly below the fiscal year 2004 funding level in real dollars (after accounting for inflation). However, NSF funding for R&D (excluding education, training, and overhead costs) would reach a record level in real dollars after falling in fiscal year 2005 and 2006.

The 7.7 percent increase proposed for NSF's Research and Related Activities account would benefit all scientific disciplines. NCSE urges Congress to encourage NSF to provide substantial increases in funding for all fields of science supported by the agency.

NSF's priority area in Biocomplexity in the Environment is being phased out, and fiscal year 2007 is the final year of this highly successful initiative. NSF will continue to support interdisciplinary studies of this type within the structure of its regular programs. After fiscal year 2007, this research portfolio will be referred to as Complexity in Environmental Systems. In fiscal year 2007, funding for Biocomplexity in the Environment will decline to \$42.6 million, a cut of \$40.8 million or 48.9 percent compared to fiscal year 2006. Three primary areas that will be supported in fiscal year 2007 are Carbon and Water in Earth Systems; Dynamics of Coupled Natural and Human Systems; and Materials Use: Science, Engineering and Society. It is anticipated that these three areas will continue as independent programs in the future after the Biocomplexity in the Environment priority area ends in fiscal year 2007, and NCSE encourages Congress to support this plan.

NSF's Major Research Equipment and Facilities Construction (MFEFC) account contains several projects that will advance the environmental sciences. The fiscal year 2007 budget request contains \$12.0 million in the MREFC account for initial implementation of the National Ecological Observatory Network (NEON) and an additional \$11.9 million in other accounts for NEON concept and development activities. The budget request for NSF's Major Research Equipment and Facilities Construction account also contains \$27.4 million for EarthScope, \$42.9 million for the Scientific Ocean Drilling Vessel, and \$9.1 million for the South Pole Station Modernization project. Two new starts in the MREFC account are the Alaska Region Research Vessel (\$56.0 million) and the Ocean Observatories Initiative (\$13.5 million), both of which help fulfill the administration's 2004 U.S. Ocean Action Plan, developed in response to the U.S. Commission on Ocean Policy. These projects have the potential to generate scientific breakthroughs and transform the environmental sciences. NCSE urges Congress to provide full funding for all of these initiatives.

Optimism about current proposals to double the NSF budget in 10 years is tempered by the failure of a recent attempt to double the NSF budget in 5 years. The National Science Authorization Act of 2002, which was passed by Congress and signed into law by President Bush, called for a doubling of the NSF budget from fiscal year 2002 to fiscal year 2007. The annual appropriations bills have fallen far short of the doubling path specified in the NSF Authorization Act. The fiscal year 2007 budget request for NSF is nearly \$4 billion below the level authorized in the last doubling initiative. However, the current doubling initiative has been given a high priority in the President's budget request. NCSE urges Congress to appropriate the funds necessary to achieve this goal.

EXPANDING NSF'S ENVIRONMENTAL RESEARCH AND EDUCATION PORTFOLIO

The National Science Foundation plays a crucial role in supporting environmental R&D. Environmental research often requires knowledge and discoveries that reach

across disciplinary and institutional boundaries. NSF recognizes this and encourages multidisciplinary environmental activities across the entire agency, as well as with other federal agencies. NSF has established a “virtual directorate” for Environmental Research and Education (ERE). Through this virtual directorate, NSF coordinates the environmental research and education activities supported by all the directorates and programs.

Although the National Science Board said environmental research and education should be one of NSF’s “highest priorities” (see below), the growth of the ERE budget has lagged behind the growth of the overall NSF budget in recent years. Given that the National Science Board has identified environmental research and education as one of the agency’s highest priorities, funding for the ERE portfolio should grow at least as rapidly as the total NSF budget. In order to achieve the \$1.6 billion funding level recommended by the National Science Board, NCSE supports rapid growth in NSF’s Environmental Research and Education portfolio over the next several years.

NATIONAL SCIENCE BOARD REPORT ON ENVIRONMENTAL SCIENCE AND ENGINEERING

The National Council for Science and the Environment encourages Congress to support full and effective implementation of the 2000 National Science Board (NSB) report, *Environmental Science and Engineering for the 21st Century: The Role of the National Science Foundation*, within the context of doubling the NSF budget.

The National Science Board report sets out an ambitious set of recommendations that could dramatically improve the scientific basis for environmental decision-making. The first keystone recommendation is as follows:

—Environmental research, education, and scientific assessment should be one of NSF’s highest priorities. The current environmental portfolio represents an expenditure of approximately \$600 million per year. In view of the overwhelming importance of, and exciting opportunities for, progress in the environmental arena, and because existing resources are fully and appropriately utilized, new funding will be required. We recommend that support for environmental research, education, and scientific assessment at NSF be increased by an additional \$1 billion, phased in over the next 5 years, to reach an annual expenditure of approximately \$1.6 billion.

The report says that the National Science Board expects NSF to develop budget requests that are consistent with this recommendation. At first, growth in the Environmental Research and Education budget reflected its priority status: from fiscal year 1999 to 2001, the ERE account grew more rapidly than the overall NSF budget. However, the ERE growth rate has trailed the total NSF growth rate since that time. From fiscal year 2002 to fiscal year 2005, the ERE budget grew by approximately 13 percent while the total NSF budget grew by 20 percent. The lagging growth of the Environmental Research and Education budget relative to the total NSF budget in recent years raises serious concerns about its status as one of NSF’s “highest priorities.”

The National Science Board envisioned a 167 percent increase in funding for the ERE portfolio, from approximately \$600 million to \$1.6 billion, within the context of a doubling of the total NSF budget over 5 years. The doubling did not materialize over the past 5 years, but we urge Congress to support implementation of the NSB recommendation as the NSF begins a new doubling initiative. If the Environmental Research and Education portfolio is one of NSF’s highest priorities, then the growth rate of the ERE budget should not lag behind the growth rate of the total NSF budget.

The National Science Foundation has taken many steps to implement the recommendations of the NSB. Full implementation of the NSB report will require strong support from Congress and a significant increase in funding for NSF’s portfolio of environmental science, engineering and education.

PREPARED STATEMENT OF THE NATIONAL CENTER FOR VICTIMS OF CRIME

The National Center for Victims of Crime submits this testimony to urge members of the subcommittee to fully fund the Sexual Assault Services Program (SASP) as part of the Department of Justice appropriations legislation. The SASP, created by the Violence Against Women Act of 2005 (VAWA 2005) and authorized at \$50 million, will provide crucial funding for our Nation’s rape crisis centers and other organizations serving victims of sexual assault, which are currently seriously underfunded and understaffed. This shortage of funds has left many victims of sexual violence—women and men, girls and boys—with no place to turn for help. Funding the

SASP will ensure that all victims will receive the counseling and support they need to recover from the trauma of sexual violence.

The incidence of sexual assault in America remains unconscionably high. Every two-and-a-half minutes a person is sexually assaulted in our country.¹ Sexual violence is a crime that affects people of all backgrounds and ages—children and adults, males and females. Approximately 1 in 6 women and 1 in 33 men in America have experienced an attempted or completed rape as a child or adult.² Nearly 5 percent of college women are sexually assaulted during any given calendar year.³

Sexual assault exacts a heavy cost on individuals, families, and communities. Victims of sexual violence experience higher rates of depression, anxiety disorders, mental illness, addiction, eating disorders, and self-esteem problems than non-victims. Sexual assault victims are also at increased risk for committing suicide or abusing substances. The emotional well-being of the victims' friends and family are also negatively impacted.⁴

Workplaces and communities are also affected when victims suffer. Sexual assault victims face loss of economic productivity through unemployment, underemployment, and absence from work. According to the Centers for Disease Control, 21 percent of victims who have been raped by an intimate partner report losing time from work as a result of their victimization.⁵

The National Center, the leading national resource and advocacy organization for victims of crime, understands well the state of services for victims of sexual violence. Our helpline staff speaks to sexual assault victims every day, and works to connect them to local services. We also hear from rape crisis centers and State sexual assault coalitions across the country who have told us that they are desperately struggling to meet the needs of victims. Many of our members are also system-based service providers, such as victim-witness coordinators in prosecutors' offices and police departments. These agencies rely on rape crisis center staff to support victims through the medical and criminal justice system. They, too, can testify to the impact the shortage of funds has on the ability of rape crisis centers to provide services for every victim that needs them.

THE SERVICES AVAILABLE FOR VICTIMS

Approximately 1,315 rape crisis centers across the country help victims of rape, sexual assault, sexual abuse, and incest rebuild their lives by providing a range of vital services to victims. These centers:

- operate 24-hour hotlines;
- provide 24-hour accompaniment to law enforcement departments, hospitals, and legal proceedings;
- offer short- and long-term individual therapy and support groups for victims and their families;
- perform legal advocacy; and
- assist victims with obtaining compensation and restitution.

Rape crisis centers serve all victims of sexual violence, including women who have been raped, child sexual assault and incest survivors, adult survivors of childhood sexual abuse, male victims, persons with disabilities, and victims who experience abuse in later life. They also provide necessary aid to family members and others affected by sexual violence.

Rape crisis centers often play a vital role in a victim's recovery after the crime. Studies have found that services such as those provided by rape crisis centers can shorten the amount of time a person exhibits symptoms of rape-related posttraumatic stress disorder.⁶ Victims who have the support of an advocate in the emergency room post-assault are more likely to file a police report and less likely

¹Bureau of Justice Statistics. (2005). *Criminal Victimization in the United States, 2004: Statistical Tables. Table 1*. Washington, DC: Bureau of Justice Statistics, U.S. Department of Justice.

²National Violence Against Women Survey, "Prevalence, Incidence, and Consequences of Violence Against Women." November 1998.

³Fisher et al. (2000). *The Sexual Victimization of College Women*. Washington, DC: National Institute of Justice/Bureau of Justice Statistics, U.S. Department of Justice.

⁴Seymour, Anne, Kilpatrick, Dean, & Edmunds, Christine. (1992). *Rape In America: A Report to the Nation*. Arlington, VA: National Center for Victims of Crime.

⁵National Center for Injury Prevention and Control (2003). *Costs of Intimate Partner Violence Against Women in the United States*. Atlanta, Georgia. Centers for Disease Control and Prevention.

⁶Zorza, J. Ed. (1997). Study finds rape crisis programs do work. *Sexual Assault Report*, 1 (2), 17, 30–31.

to be treated negatively by law enforcement. Victims also reported less distress after contact with the legal system when they had worked with a victim advocate.⁷

SIGNIFICANT GAPS IN SEXUAL ASSAULT SERVICES

While sexual assault programs have made tremendous progress toward assuring that victims of sexual assault receive the services they need, a 2004 survey of the field conducted by the National Center and our colleagues revealed significant gaps in the national response to victims of sexual assault. Our survey found overwhelmingly that sexual assault programs are desperately short of funds to meet the needs of rape victims. Rape crisis centers are suffering in many States where governments facing tight budgets have been forced to cut support to local rape crisis centers. A lack of federal support compounds the problem.

Victim service professionals we interviewed told us about waiting lists for counseling in Illinois, Massachusetts, Pennsylvania, Wisconsin, and other States. At one Utah rape crisis center, victims can be on a waiting list for long-term counseling for 10–12 weeks. One program in Louisiana told us that the waiting period for counseling for a “level one” victim—a recent rape victim who is suicidal—is 5 working days.

In some places, victims are being placed in group counseling to provide them with some form of support while they are waiting for individual counseling. Rape crisis centers report that they have cut the frequency of counseling sessions with victims and hours of hotline operations, two of the most crucial services rape crisis centers provide.

Rape crisis centers are struggling to meet the needs of child victims and their families. An Ohio rape crisis center reported that they provide an advocate to work with families of child victims of sexual violence at the local Child Advocacy Center (CAC). Currently, the rape crisis center can only afford to share her with the CAC 20 hours a week. This means that 10 to 15 families a week will not get any time with the victim advocate. While some needs may be met by the medical and investigative staff, these families are not able to get counseling or advocacy from a person dedicated to their emotional and mental well-being. The rape crisis center director states that the CAC is “begging us for more time but the money is just not there.”

Sexual assault service providers in rural areas across the country are also struggling to serve multiple counties with very little staff. Many States report that rural areas often have no services at all. For example, West Virginia has 9 rape crisis centers that have to cover all 55 counties in the State. Texas has 254 counties: 50 of those counties have no rape crisis services at all. Victims must travel long distances to meet with a counselor or get other assistance. In many places, victims simply cannot make the trip, so they suffer alone. Programs in rural areas need increased funding to help bring victims to programs, send advocates to victims, develop satellite offices in rural areas, or make other innovations to improve access to services.

Rape crisis centers also reported that while their communities include many underserved populations—including racial and ethnic minorities and victims with disabilities—they have no funds to extend their outreach or develop specialized services. In many places, service providers stated that although there are large ethnic and racial populations within their communities, few victims from those populations are accessing services. More funding is required to help programs meet such needs for targeted services.

FUNDING THE SEXUAL ASSAULT SERVICE PROGRAM IN FISCAL YEAR 2007 MUST BE A CONGRESSIONAL PRIORITY

The SASP was enacted as part of VAWA 2005, the reauthorization of the Violence Against Women Act, signed into law on January 6, 2005. SASP created a much-needed funding stream for direct services for sexual assault victims. The act will provide funding for States, territories, and tribes to support their efforts to provide services to adult and minor sexual assault victims and their family and household members. The funds can be used for general intervention, counseling, and advocacy, including accompaniment through medical, criminal justice, and social support systems; support services; and related assistance.

State, territorial, and tribal sexual assault coalitions are also eligible for SASP funding under a specific set-aside. State coalitions provide critical support for rape crisis centers, allowing rape crisis centers to focus on providing direct services to victims. Coalitions develop statewide policies and procedures for all their member

⁷ Campbell, R.C. (2006). *Rape Survivor's Experience with the Legal and Medical Systems. Violence Against Women*. Vol. 12, No. 1, 31–45.

rape crisis centers. Coalition staff develop and disseminate public awareness and prevention materials for statewide distribution. SASP funds can also be used by coalitions to provide training to various organizations, including governments, law enforcement, courts, nonprofit organizations, faith-based organizations, and professionals working in legal services, social services, and health care.

SASP would also address the gap in services to racial and ethnic minorities. Through a funding set-aside, SASP would ensure that culturally-specific community-based organizations are able to craft services for victims that are relevant to their cultural needs. Partnerships with existing organizations will allow for the most effective use of funds.

When Congress authorized SASP, it made a commitment to ensure that supportive counseling and services would be available for victims of sexual assault across the country. By enacting SASP, Congress acknowledged that sexual assault crisis centers and other organizations cannot meet the needs of sexual assault victims without additional resources. The National Center strongly urges the subcommittee to fully fund the SASP so our Nation's rape crisis centers can help all victims rebuild their lives after sexual assault.

PREPARED STATEMENT OF THE SUSTAINABLE DEVELOPMENT INITIATIVE

On behalf on Sustainable Development Initiative (IDS, by its Spanish acronym) I appreciate the opportunity to present this testimony in support of an appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation program for the San Miguel Project in the Commonwealth of Puerto Rico.

IDS is a non-profit organization dedicated to promoting the sustainable development of Puerto Rico's natural resources, especially those within public lands. Our organization is composed of professionals who work as engineers, economists, biologists, lawyers and planners for government agencies and private institutions. IDS members provide assistance to community groups through volunteer consulting services.

Over the past 7 years, IDS has focused its work on the conservation and sustainable development of the Northeastern Ecological Corridor (NEC).

The NEC, comprising approximately 3,200 acres, is one of the Caribbean's last, great, unprotected areas. Located on the eastern corner of the main island of Puerto Rico within the municipalities of Luquillo and Fajardo, the NEC contains an extraordinary array of tropical habitats seldom found in other parts of the world. In addition to coral communities, mangroves, and pre-Columbian forests, all the different varieties of coastal wetlands found throughout Puerto Rico are represented within the NEC. The wetlands in this area are essential to the existence of a seasonal bioluminescent lagoon known as Laguna Aguas Prietas, an extremely rare biological phenomenon.

The NEC's location within the foothills of the El Yunque Caribbean National Forest adds to its great natural value and uniqueness. Originally set aside in 1876 by the Spanish Crown, this United Nations Biosphere Reserve is one of the oldest forest protected areas in the Western Hemisphere, and is the only tropical rain forest in the United States national forest system. The forest contains rare wildlife and is home to over 50 species of birds, including the Puerto Rican parrot—one of the 10 most endangered species of birds in the world. The ecological diversity observed within the NEC and the Caribbean National Rain Forest, varying from a coastal dry forest to a rain forest, lies within a corridor just 13 miles in length. Such an occurrence, in an amazing limited area, is extremely rare in any location around the world and can only be enhanced or protected by the conservation of the NEC.

Available for acquisition in fiscal year 2007 is the 1,277-acre San Miguel property, consisting of three parcels within the NEC. These parcels contain extensive wetland areas contiguous to the Pitahaya, Juan Martín and Sabana rivers, and harbor an array of unique upland and wetland ecosystems. The project site includes some of the last remaining unspoiled dune systems and a significant coral community immediately off shore. Its bird fauna is remarkable and according to the Puerto Rico Department of Natural and Environmental Resources (DNER), it has the one of the highest diversity of birds of any natural protected area in the north region of the island. The property falls within the range of over 40 rare species of flora and fauna, some even unique to Puerto Rico, including 16 federally threatened or endangered listed species, such as the Hawksbill sea turtle, Virgin Island boa, Puerto Rican boa, brown pelican, Puerto Rican plain pigeon, West Indian manatee, and Cobana Negra (a flowering tree). The area is best known, however, as one of the most important nesting grounds for Leatherback sea turtles in the United States and the Caribbean. Over 420 Leatherback sea turtle nests were recorded during the 2005 nesting sea-

son. Due to its ecological value, the NEC has been identified by the DNER, the USDA Forest Service's International Institute of Tropical Forestry and the U.S. Fish and Wildlife Service, as a critical wildlife area of primary importance in Puerto Rico. The NEC also contains a variety of archeological resources, such as historical tools and structures.

At the present time, several multinational lodging corporations have proposed various mega luxury residential-tourist resorts within the NEC. One of the largest proposed developments would be built on the San Miguel tracts at the boundary of the municipalities of Luquillo and Fajardo. The San Miguel Resort would include 1,025 residential units, a 250-room hotel/casino, 175 timeshare units, and two golf courses. The development would involve the filling of wetlands, channelization of rivers, and clearance of coastal vegetation, thus destroying the natural integrity of the NEC. If the San Miguel resort were to be constructed as planned, it would further deplete the limited water supplies needed by local communities, resulting in a deficit of over 4,000,000 gallons of water per day, a deficit which accounts for the water requirements of nearly 25,000 people. There is widespread concern as well about other negative impacts the development would have on this sensitive area, including limited public access to beaches and other coastal resources, and unnecessary exposure of life and property on lands affected by floods and other natural hazards present at the NEC.

Given the ongoing controversy over development of the property, including years of lawsuits, strong public opposition, and permitting difficulties, the owners have decided to make the land available for conservation. Federal agencies, the Commonwealth of Puerto Rico, and private parties have come together in an effort to preserve this remarkable coastal property. Public ownership will preserve the coastal resources, protect the rivers and wetlands, buffer El Yunque Caribbean National Forest, and provide public beach access and recreational opportunities.

Approximately \$25 million will eventually be needed to complete the San Miguel acquisition. If this effort should fail, some form of development would likely occur on this highly sensitive property. The construction of the proposed resort would undermine past and current conservation efforts in an area that has been widely recognized by the Federal and Commonwealth agencies, and private conservation organizations for its unique expression of biological diversity.

A fiscal year 2007 appropriation of \$3 million from NOAA's Coastal and Estuarine Land Conservation Program is needed to further the protection of the San Miguel tracts. These funds will be matched by \$2.27 million in settlement funds from the Barge Berman Oil Spill (specifically for land acquisition), up to \$5.7 million of other oil spill settlement funds (for restoration categories), \$3 million committed by the Conservation Trust of Puerto Rico, and additional funds being raised by a local land trust and other interested private parties. I urge you to include this project in the fiscal year 2007 Commerce, Justice, and Science appropriations bill.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF THE NATIONAL FISH AND WILDLIFE FOUNDATION

Mr. Chairman and members of the subcommittee: I appreciate the opportunity to submit testimony regarding the fiscal year 2007 funding request for the National Fish and Wildlife Foundation. Included in this testimony is a summary of our history and fiscal year 2005 accomplishments, as well as the new and innovative programs we hope to accomplish with the funding provided by this committee.

Congress established the foundation 22 years ago, and since that time the foundation's vision for more healthy and abundant populations of fish, wildlife and plants has flourished through the creation of numerous valuable partnerships. The breadth of our partnerships is highlighted through our active agreements with 14 federal agencies, as well as various corporations, foundations and individual grantees. Through these unique arrangements, we are able to leverage federal funds, bring agencies and industry together and produce tangible, measurable results. Our history of collaboration has given way to programs and initiatives such as the Coral Reef Conservation Fund, the Cook Inlet Beluga Whale Fund, the Chesapeake Bay Small Watershed Grants Program and the Shell Marine Habitat Initiative. With the support of the committee in fiscal year 2007, we can continue to uphold our mission of enriching fish, wildlife and the habitat on which they depend.

In 1999, Congress expanded the foundation's mandate to expressly include the National Oceanic and Atmospheric Administration (NOAA) and its mission. For nearly a decade, NOAA and the foundation have jointly supported projects in marine conservation through public-private partnerships. The foundation respectfully

requests that this Committee fund these efforts at \$4 million through the National Oceanic and Atmospheric Administration.

This request lies well within the authorized levels and will allow the foundation to better meet the demand for new or expanded strategic conservation programs. The appropriations provided by the committee are also used by the foundation to attract additional funding for conservation projects through mitigation, settlements and direct gifts.

Since our inception in 1984 through fiscal year 2005, the foundation has supported over 8,190 grants and leveraged over \$339 million in federal funds for more than \$1 billion in on-the-ground conservation. This has resulted in more than 18 million acres of restored and managed wildlife habitat; new hope for countless species under stress; new models of private land stewardship; and stronger education programs in schools and local communities.

In fiscal year 2005, we were appropriated \$1.7 million (less rescissions) for our general NOAA programs which we were able to leverage with NOAA interest dollars and over \$7.8 million in additional foundation and partner dollars for a total of \$9.8 million in marine conservation. We achieved this leveraging of the federal dollar by cultivating partnerships. In fiscal year 2005, the foundation partnered funds entrusted by this committee with seven other foundations and several private sector corporations including Shell Oil, Southern Company, Bass Pro Co., BP Oil Co. and ConocoPhillips. In a similar manner, the foundation was able to leverage the \$1 million in funds (less rescissions) targeted by this Committee to Tampa Bay habitat restoration through the Pinellas County Environmental Fund by bringing an additional \$1.8 million in funds for an overall fiscal year 2005 conservation value of \$3 million.

Through the fiscal year 2006 Omnibus Bill, we will receive between \$0.7 million—\$1.7 million of our historical \$2.5 million mark for our NOAA partnership and \$1 million of our historical \$1.5 million allocation for the Pinellas County Environmental Fund. Our mark in the NOAA Fisheries line for our overall partnership is still being negotiated. This will be the foundation's second year of drastically reduced funding which is having large impacts on the programs we are able to support.

Although we have not yet received our fiscal year 2006 funds, we have already received over \$4 million in proposals requests through two of the seven competing programs for these dollars. The potential 50 percent reduction in funding, will all but zero out funding for our NOAA General Matching Grants Program, one of NOAA's largest leveraging vehicles and broadest brush for general marine and coastal conservation projects with the foundation. The fiscal year 2006 budget cuts will also result in dramatic cuts to our National Whale Conservation Fund and the International Sea Turtle Conservation Fund, both programs which are making significant impacts to endangered species recovery.

In these times of tightened budgets, we have focused our limited dollars on four of the historical seven Special Grant Programs: the Coral Reef Conservation Fund, the Long Island Sound Futures Fund, the Delaware Estuary Grants Program and the Great Lakes Watershed Restoration Program. Many of these programs were created at the request of NOAA to help focus more funds and attention to key priorities within the agency. The fiscal year 2005 and fiscal year 2006 cuts will obviously impact these programs in the number of projects they can support, and may have additional impacts if NOAA is the main or only partner. For example, the pilot year of the Great Lakes Watershed Restoration Program was so successful that the other agency partners are looking to increase their funding levels; NOAA will not have the ability to increase their contribution and will therefore reduce their role at the table. An even bigger concern may be in the need to have federal monies to leverage the private funds that NOAA has asked us to raise, to grow these special programs. Our fiscal year 2007 appropriations request will put us back on track to continue leveraging scarce federal resources and allow us to achieve increased conservation benefits.

If fully funded in fiscal year 2007, there are a number of new opportunities to continue NOAA's mission in the areas of estuarine and coastal habitat, coral reef conservation and marine species management and recovery:

Restoring Estuarine and Coastal Habitats.—The steady rate of coastal development and damaging up-stream activities are causing our estuarine and coastal habitats to be lost at an alarming rate. The foundation has had tremendous success in countering these problems by partnering NOAA funds with other agencies, like the Environmental Protection Agency, to address these issues from a whole watershed perspective. This is demonstrated in our Chesapeake Bay, Long Island Sound and Delaware Estuary grants programs and has proven so successful that in fiscal year 2005, we expanded our coastal habitat portfolio with a new program in the Great

Lakes. After an extremely successful pilot year, NOAA is interested in continuing to grow this initiative with the other agencies involved, especially since it reaches an underserved portion of their mission. A new program is also being researched for the San Francisco Bay Estuary that should be ready to launch in the coming year, if funds are available. New programs are also uniting around the Upper Mississippi River Basin. This creates an opportunity to partner existing programs like the Foundation's North Gulf Coast Initiative targeting the shores of Mississippi, Alabama, Louisiana and Texas and the Shell Marine Habitat Program along broad-sweeping watershed goals, if funds are provided to expand the marine focus in the overall watershed.

Protecting Coral Reefs.—The foundation was successful in fiscal year 2005 at bringing in new partners in the U.S. Fish and Wildlife Service, the Natural Resources Conservation Service and the Harold K.L. Castle Foundation. We continue to set our sights high, and are building in new evaluation protocols for individual projects and outlining an evaluation of the overall program. The foundation is also actively working with other funders in coral conservation to collaborate on funding priorities to address hot spots and key threats. With increased funding in fiscal year 2007, the foundation would like to expand current partnerships between NOAA and the NRCS to reduce nutrient run-off and sedimentation to coastal reefs and the U.S. FWS to improve the management and effectiveness of existing marine protected areas. Funds are also needed to enhance the foundation's partnership with the White Water to Blue Water Initiative—Anchors Away!—to establish mooring buoy systems for reducing damage to reefs from anchors.

Threatened and Endangered Species Solutions.—Our Special Grant Programs that target endangered species conservation have been the hardest hit by recent budget cuts. With our fiscal year 2007 request the foundation would be able to restore funding to these vital programs in species management, like our work in the southern States to restore sea turtle nesting habitat and our work in New England, Washington and Alaska to research declining right whale, orca and beluga whale populations.

The foundation continues to cultivate partnerships in the private sector to try and offset some of these cuts in our species programs. One of the partnerships that we will be investigating in fiscal year 2006 is a new program with global energy industries to study the impacts of marine noise, particularly in relation to marine mammals. The requested funding levels will allow NOAA, the management agency for this issue, to sit at the table as a funder and provide them with a greater role in determining what research should be funded.

Evaluation.—The foundation has become a leader in evaluation and adaptive management amongst its peers. The foundation's goal is to build the capacity of both itself and its partners to undertake more effective evaluation, to assist in both measuring performance and to adapt methods and funding strategies for more impactful conservation. To address these goals, the foundation is implementing several evaluation strategies simultaneously. First, the foundation has instituted new protocols within its application process to provide the measurable indicators needed to evaluate the impacts of our programs. Second, the foundation has convened discussions amongst our agencies partners to identify and coordinate potential opportunities for collaboration within evaluation. One of the initial results of these meetings has been an interest in piloting new evaluation indicators, to better articulate the federal investment for GPRA and PART requirements.

Third, the foundation has commissioned several third-party evaluations targeting widely-used conservation activities like culvert removal to full program evaluations to learn where we have been successful and where past methods have not provided the desired impact. As an example, in fiscal year 2006, the Foundation's Chesapeake Bay Small Watershed Grants Program will be evaluated for the first 5 years of grant-making. The evaluation will include 355 projects associated with about \$10.6 million in federal funds. The federal legislation accompanying this program included 10-year goals, and this evaluation presents an opportunity to assess the mid-way mark in helping the foundation and its partners better focus their resources over the next 5 years. To capture these evaluations and lessons learned, the foundation is taking a fourth key step by developing a new searchable project website where users will be able to query information and learn more about funded projects, including how to adapt projects for higher rates of success.

Accountability and Grantsmanship.—The foundation constantly strives to improve the grant making process while maintaining a healthy level of oversight. To improve ease of use for potential applicants, foundation applications are now completed and reviewed electronically. In early fiscal year 2006, to further improve efficiency, the foundation released a revised application, grant contract template and reporting form. Even with these efficiencies, the foundation still requires strict financial re-

porting by grantees and has once again received an unqualified audit in fiscal year 2005.

In addition to the evaluation requirements described earlier, all potential grants are subject to a peer review process. This involves five external reviews representing State agencies, federal agencies, affected industry, environmental non-profits and academics. Before being recommended to the foundation's board of directors, grants are also reviewed internally by staff, including our conservation scientists. The internal review process examines the project's conservation need, technical merit, the support of the local community, the variety of partners and the amount of proposed non-federal cost share. The foundation also provides a 30-day notification to the members of Congress for the congressional district and State in which a grant will be funded, prior to making a funding decision.

Basic Facts About the Foundation.—The foundation is governed by a 25-member board of directors, appointed by the Secretary of the Interior and in consultation with the Secretary of Commerce. At the direction of Congress, the board operates on a nonpartisan basis. Directors do not receive any financial compensation for service on the board; in fact, all of our directors make financial contributions to the foundation. It is a diverse board, representing the corporate, philanthropic and conservation communities; all with a tenacious commitment to fish and wildlife conservation. I took over the chairmanship in January, after serving on the board for 10 years. It is an honor to lead such a prestigious board.

The National Fish and Wildlife Foundation continues to be one of, if not the most, cost-effective conservation programs funded in part by the Federal Government. None of our federally appropriated funds are used for lobbying, litigation or the foundation's administrative expenses. By implementing real-world solutions with the private sector while avoiding regulatory or advocacy activity, our approach is more consistent with this Congress' philosophy than ever before. We are confident that the money you appropriate to the foundation will continue to make a difference.

NATIONAL FISH AND WILDLIFE FOUNDATION'S FEDERAL APPROPRIATIONS FOR FISCAL YEAR 2006

[In millions of dollars]

Agency Funding Source	Funding Amount
Natural Resources Conservation Service	2.970
Fish and Wildlife Service	7.656
Washington Salmon	1.971
Atlantic Salmon	0.985
Bureau of Land Management	2.955
Forest Service	2.637
National Oceanic and Atmospheric Administration	1.400
Pinellas County Environmental Fund	0.937

PREPARED STATEMENT OF SAVE BARNEGAT BAY

On behalf on Save Barnegat Bay, I appreciate the opportunity to present this testimony in support of an appropriation of \$1 million from NOAA's Coastal and Estuarine Land Conservation Program for the Potter Creek project in New Jersey.

Save Barnegat Bay is a not-for-profit environmental group working to conserve undeveloped natural land and clean water throughout the Barnegat Bay watershed. We were founded in 1971 as a local chapter of the Izaak Walton League of America, a leading national environmental organization.

Barnegat Bay is a shallow, lagoon-type estuary, characteristic of the back bay system of a barrier island coastline. The 550-square mile Barnegat Bay watershed is located along the central New Jersey coastline and encompasses nearly all of Ocean County and a small portion of Monmouth County. The watershed supports more than 450,000 residents year-round, and many hundred thousands more during the summer tourist season. The Barnegat Bay estuary covers over 42 miles of shoreline from the Point Pleasant Canal to Little Egg Harbor Inlet, and supports a thriving tourist industry. The bay's fisheries represent an invaluable recreational and commercial resource to the region. Although long recognized for its great aesthetic, economic, and recreational value, this back bay system is now threatened by an array of human activities that could damage its ecological integrity. More than 70 percent of the area along Barnegat Bay's estuarine shoreline has been developed or altered, leaving less than 30 percent of the area in its natural state. At the request of the State, Barnegat Bay was recognized as an estuary of national significance threat-

ened by pollution, development, and overuse. It was accepted into the Environmental Protection Agency's National Estuary Program in July 1995, one of 28 such sites nationwide.

Ocean County has been the State's fastest growing county since 1950. While runoff and discharge from power boats contribute to the degradation of Barnegat Bay, the primary threat to the water quality is upland development and associated nonpoint source pollution. Local agencies, civic groups, and nonprofit organizations have long been committed to the protection of the Barnegat Bay watershed. In 1995, The Trust for Public Land published a comprehensive study identifying high-priority conservation and public access sites in the Barnegat Bay. This study, called the Century Plan, has become the "greenprint" for the protection of the watershed for all those committed to a healthy bay ecosystem. Funding from Federal, State, local, and private sources has supported the protection of critical acreage within the Barnegat Bay watershed, but despite these funding commitments, many of these sites still remain unprotected.

Available for acquisition in the Barnegat Bay watershed in fiscal year 2007 is the 100-acre Potters Creek property located in Berkeley Township. Comprised largely of forested wetland and marshland, the tract also possesses 30 acres of developable uplands.

These woodlands contain various species of pine and oak, American holly, and mountain laurel, while the wetlands are comprised of spartina, glasswort, perennial salt marsh aster, and sea pink. These wetlands are believed to support upwards of 82 species of birds, half of which are thought to breed on or near the Potters Creek tract. Some of these species include red-shouldered hawk, northern harrier, and peregrine falcon, all State-listed endangered species. The marbled salamander and four-toed salamander, both State species of special concern, are believed to inhabit the property as well. A total of \$5 million is needed to protect this property. In fiscal year 2006, Congress directed \$500,000 in Coastal and Estuarine Land Conservation Program funds towards this purchase. Berkeley Township has already committed \$1.5 million towards its portion of the purchase.

An appropriation of \$1 million in fiscal year 2007 from NOAA's CELCP program directed to Ocean County will complete the federal commitment to this conservation purchase. The total non-federal match will amount to \$3.5 million. Acquisition of this parcel will preserve open space in a rapidly developing area, further the protection efforts of the Barnegat Bay watershed, and provide an important buffer to already conserved lands. I urge you to include this project in the fiscal year 2007 Commerce, Justice, and Science appropriations bill.

Thank you, Mr. Chairman, for the opportunity to present this testimony and for your consideration of this important request.

PREPARED STATEMENT OF BREAK THE CYCLE

The Violence Against Women Act 2005 (Public Law 109-162), recently unanimously reauthorized by the U.S. Congress, provides funding for proven effective programs and creates new programs to fill gaps in the original legislation. Because the President's budget was completed before VAWA 2005 was passed and signed into law on January 5, 2006, all of the new programs and many of the reauthorized programs which were given an increase in funding are not fully funded in the President's budget.

Break the Cycle is a national non-profit with a mission to engage, educate, and empower youth to build lives and communities free from domestic and dating violence. Founded in 1996 in Los Angeles, California, Break the Cycle has worked to raise awareness among youth and youth service providers about domestic and dating violence. Break the Cycle provides law-based preventative education and free legal services to youth ages 12 to 24. Break the Cycle opened its Washington, DC office in 2004, and has worked with both youth and policy makers to ensure that youth have the necessary resources available to develop healthy relationships and build communities free from violence. Break the Cycle is the only organization of its kind in the country.

Break the Cycle respectfully requests full funding for all VAWA 2005 programs in the fiscal year 2007 budget. Additionally, because of the mission of our organization; to engage, educate and empower youth to end domestic and dating violence, we are especially concerned with the programs directly affecting youth and will address the vital need to fully fund these programs in this testimony.

"At the age of 13, I began dating my first boyfriend. It was a time in my life when I was plagued by all the typical insecurities of entering adolescence, being acutely self-conscious and wanting simply to feel connected to the world . . . It was the closeness of our relationship that allowed me to overlook the times when he would punch me and push me around, the threats to commit suicide if I ever left him, the emotional strain that I felt being with him . . . As more and more time passes, I am learning again to trust myself, to trust others, and to take care of myself. It is at these points in life when I recognize the need for more young girls to be able to have the type of support that I feel I received too late in life . . . girls need to be taught to trust, to be able to confront their abuse, to be able to learn to live without it." Break the Cycle supporter.

The youth of this country are facing a grave situation that is largely ignored by the people who are responsible for helping them grow into healthy adults. Sexual and dating violence occur among youth at rates disproportionate to the rest of the Nation; teens and young women, aged 16 to 24, experience the highest rate of intimate partner violence, almost three times the average for women as a whole.¹ Additionally, the age at which a female is at greatest risk for rape or sexual assault is 14,² and in one study, one quarter of teen girls who have been in a romantic relationship admitted that they had been pressured to perform oral sex or engage in intercourse when they did not want to.³ Yet, domestic violence resources are usually focused on adult women or young children who are victims of abuse.

For youth, who face a unique set of circumstances when dealing with abuse, these resources do not meet their needs. They are in a stage of their lives where they are just learning to navigate the adult world, developing positive and healthy relationships is essential to their success as adults. Victims of teen dating violence are more likely to: use alcohol, tobacco, and cocaine; drive after drinking; engage in unhealthy weight control behaviors; commit sexually risky behaviors including first intercourse before age 15, multiple partnering, and lack of condom use; become pregnant; and commit suicide.⁴ Additionally, youth that witness domestic or dating violence also have higher probabilities of truancy, poor school performance, and trouble concentrating.⁵ These behaviors limit youths' ability to become healthy adults. Young people must be educated and empowered to end the violence in their lives. VAWA 2005 can help stop this cycle of violence where it starts. Congress has taken the first step in recognizing and correcting this problem by unanimously passing VAWA 2005, and including vital new programs for youth. It is critical, for the healthy development of young people, that full funding be provided for all programs unanimously passed by Congress. By educating youth and empowering them to live lives free from violence, we not only improve their current situation, but teach them how to live healthy adult lives. The cost of these programs is a small price to pay for the safety of our youth, and in the long term will cut down on the huge costs of domestic violence that plagues the nation.⁶ It is time to teach young people to confront their abuse, and to learn the skills that will help them create a future without it.

THE PROGRAMS

Services to Advocate for and Respond to Youth (42 USC 14043c; 119 STAT. 3004)

STARY will provide much needed funding to stop the cycle of violence where it is most likely to occur, with youth ages 16 to 24.⁷ Youth face unique challenges when dealing with domestic and dating violence and often do not have access to

¹Department of Justice, Bureau of Justice Statistics, "Intimate Partner Violence and Age of Victim, 1993–1999." NCJ 187635: October 2001, 3.

²Snyder, H.N. (2000). *Sexual assault of young children as reported to law enforcement*. U.S. Department of Justice, Bureau of Justice Statistics (NCJ 182990). Washington, DC.: U.S. Government Printing Office.

³Liz Claiborne Inc. Omnibuzz Topline Findings: Teen Relationship Abuse Research. February 2005.

⁴Jay Silverman, et. al., *Dating Violence Against Adolescent Girls and Associated Substance Use, Unhealthy Weight Control, Sexual Risk Behavior, Pregnancy, and Suicidality*, 286 JAMA, 2001.

⁵Lee, Catherine. Witness of Domestic Violence: The Vulnerable and the Voiceless. <http://www.jrn.columbia.edu/studentwork/children/download/domvio.shtml>.

⁶Intimate partner violence costs the Nation \$5.8 billion annually, including \$4.1 billion in direct health care expenses. Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, "Cost of Intimate Partner Violence Against Women in the United States." (2003).

⁷Department of Justice, Bureau of Justice Statistics, "Intimate Partner Violence and Age of Victim, 1993–1999." October 2001.

services to help them. Adolescence is a trying time, often filled with the insecurity and frustration of learning to navigate the adult world, while not quite being an adult. Youth are often untrusting of authority, uninformed on the law, dependent on others for their financial well being, without transportation, and ignorant of the services available to them. Special services and service providers with the skills to deal with these unique challenges are vital to early intervention with youth dating and domestic violence. Because most domestic violence services are targeted at adults, youth are often left without important services and end up falling through the cracks, leaving them to carry these same patterns of violence into adult relationships. These grants focus specifically on services and service providers who can address the needs of youth, filling a gap in current services, and helping youth to build lives free from abuse.

STARY is a new program which we urge Congress to fully fund at it's authorized level of \$15 million in fiscal year 2007.

Access to Justice for Youth (42 USC 14043c-1; 119 STAT. 3005)

The violence perpetrated by youth against youth is a serious problem. However, the legal system in many States does not allow youth victims the same access to justice and safety as it does adults. Youth often slip through the cracks of the justice system because neither adult nor juvenile courts know how to deal with youth perpetrators and victims of domestic and dating violence. This problem must be addressed. Currently, there is only one juvenile domestic violence court in the country. Access to Justice for Youth would provide demonstration grants to allow courts, domestic violence and sexual assault service providers, youth organizations, and law enforcement agencies to work together to create a model system which addresses the needs of youth. Both perpetrators and victims must be treated by the law in a way that allows for safety, dignity, and justice. This funding will give communities the opportunity to work together to create a system that truly meets their needs and provides victims and perpetrators the justice and protection they deserve.

Access to Justice for Youth is a new program which we urge Congress to fully fund at the authorized level of \$5 million for fiscal year 2007.

Supporting Teens Through Education and Protection (STEP Act; 42 USC 14043c-3; 119 STAT. 3010)

Schools have always been envisioned as a safe haven where youth learn and grow into productive citizens. However, violence in schools has shattered this idea, and left many young people afraid of the very place they are sent to grow and mature. Four thousand incidents of rape and sexual assault were reported in public schools across the country in a single year.⁸ This number only includes the number reported, and not the countless cases of rape and sexual assault that go unreported. Additionally, when youth are faced with abusive relationships, most (73 percent) say they would talk about it with a friend.⁹ Unfortunately, the friends in whom they would confide are often uninformed about the rights of youth in abusive relationships, and thus unable to help a friend in need. Young people cannot be expected to mature into productive citizens with this type of violence occurring in the place where they are to be nurtured and taught about healthy adulthood. Schools need effective policies and procedures to address this problem when it occurs among their students and school staff must be taught the warning signs of and resources available for students dealing with domestic and dating violence. The STEP Act allocates funds to educate faculty, develop effective school policies about domestic and dating violence, and provide resources to teach students about the issue and provide appropriate referrals. Fully funding this program will allow schools to work in collaboration with sexual assault and domestic violence providers, police, courts, and other organizations to ensure that schools are the safe and healthy environments necessary to help youth become healthy adults.

The STEP Act is a new program which we urge Congress to fully fund at the authorized level of \$5 million for fiscal year 2007.

⁸U.S. Department of Education, 1997 (The Department of Education no longer reports rapes and sexual assaults in schools as a separate category, but rather includes them with other violent crimes.)

⁹Liz Claiborne Inc. Omnibuzz Topline Findings: Teen Relationship Abuse Research. February 2005.

Grants to Reduce Violent Crimes on Campus (42 USC 14045b; 119 STAT. 3013)

One quarter of female college students are sexually assaulted during their college careers,¹⁰ and 70 percent of sexual assaults reported by college-aged girls are date rapes.¹¹ This pervasive violence must stop, and fully funding Grants to Reduce Violent Crimes on Campus is one way that Congress can help to stop it. Often away from home for the first time and adjusting to new freedoms, college students face unique challenges, especially when it comes to dealing with domestic and sexual violence. Providing this program with full funding allows for prevention, services and training essential to end this type of violence. In the federal fiscal year 2005, 146 applications were submitted to the Office on Violence Against Women, requesting \$32 million for campus programs. The need is great, and Congress can help by providing the full \$12 million authorized by VAWA 2005.

The President's budget requests \$9 million for Campus Grants. We urge Congress to fully fund Campus Grants at the authorized level of \$12 million in fiscal year 2007.

CONCLUSION

Sexual assault and domestic violence are problems that pervade our society. The effects of these problems are far reaching, and especially detrimental to young people navigating the transition from childhood to healthy adulthood. Young people must be taught that domestic violence and sexual assault are unacceptable. Services must be tailored to their needs and they must be educated about the resources available to them. They must be empowered to stop the violence that affects them so profoundly. They deserve the building blocks to create healthy relationships in the future.

Today's teen and young adult victims and perpetrators of domestic violence and sexual assault will be those we deal with in the adult criminal, civil and family justice systems, healthcare system and social services systems tomorrow. We have the opportunity today to invest in our youth to protect them from this violence now and save countless federal dollars later.

Across the Nation, young people are taking a stand against domestic violence and sexual assault. However, the funds to allow for education and services are lacking. Congress has unanimously recognized the importance of this issue by passing VAWA 2005. Now it is time for Congress to act. By fully funding VAWA 2005, and especially STARY, STEP Act, Access to Justice for Youth, and Grants to Reduce Violent Crimes against Women on Campus, Congress can do its part to combat the pervasiveness of domestic and sexual violence. By fully funding these programs, Congress will allow young people the resources necessary to mature into healthy and productive citizens. It is time to protect young people from abuse, and to teach them to build prosperous, healthy, violence-free futures.

PREPARED STATEMENT OF THE NATURAL SCIENCE COLLECTIONS ALLIANCE

The Natural Science Collections Alliance (NSC Alliance) encourages Congress to support the President's fiscal year 2007 budget request of \$6.02 billion for the National Science Foundation.

The administration's budget request reflects the recognition of the important role that fundamental, peer-reviewed scientific research plays in driving innovation, creating new economic opportunities, and addressing important societal challenges.

The National Science Foundation plays an important role in science education, in both formal and informal environments, such as natural history museums, botanical gardens and other science centers. Moreover, through programs such as Research Experience for Undergraduates, GK-12 fellowships, or fellowships for graduate students and post-doctoral researchers, the National Science Foundation provides the resources needed to educate, recruit, and retain our next generation of scientists. National Science Foundation programs provide the support that makes it possible for practicing research scientists and college faculty to mentor and train budding researchers. National Science Foundation science education initiatives are unique and stimulate innovation in teaching and learning about science. The lessons learned and models developed through this research inform Department of Education and local school system programs.

¹⁰ Robin Warshaw, *I Never Called it Rape: The Ms. Report on Recognizing, Righting, and Surviving Date and Acquaintance Rape*, New York: Harper Perennial, 1994.

¹¹ B. Levy, *Dating Violence*, (Seattle: Seal Press, 1991), 9.

Informal science and technology programs supported by the Education and Human Resources Directorate warrant increased funding. Economic growth in the 21st century demands a scientifically aware and technically skilled workforce.

The National Science Foundation Biological Sciences Directorate (BIO) is particularly important to basic biological research, the fields of study concerned with understanding how the natural world works. These research disciplines include botany, zoology, microbiology, ecology, basic molecular and cellular biology, systematics and taxonomy. Indeed, according to National Science Foundation data, more than 65 percent of fundamental biological research is funded by the foundation. Additionally, the National Science Foundation provides essential support for the development of research infrastructure (for example, natural science collections, cyber-infrastructure, field and marine stations, and the National Ecological Observatory Network) that is required to advance our understanding of biological and ecological systems.

The President's fiscal year 2007 budget request would provide the BIO directorate with roughly \$607.8 million (a 5.4 percent increase). This funding would support important new research efforts in the areas of Molecular and Cellular Biosciences (\$111.2 million), Integrative Organismal Biology (\$100.7 million), Environmental Biology (\$109.6 million), Biological Infrastructure (\$85.9 million), and Plant Genome Research (\$101.2 million). The budget also reflects the need for synthesizing biological information from different fields. Thus, \$99.2 million is allocated for the cross discipline Emerging Frontiers program area.

The President's request includes \$24 million in funding for the National Ecological Observatory Network (NEON). Of the requested funding for NEON, \$12 million would come from the Major Research Equipment and Facilities Construction account and \$12 million would come from the BIO directorate. NEON will be the first national ecological measurement and observation system designed both to answer regional to continental scale scientific questions and to have the interdisciplinary participation necessary to achieve credible ecological forecasting and prediction. NEON is expected to transform the way we conduct science by enabling the integration of research and education from natural to human systems, and from genomes to the biosphere. Social scientists and educators have worked with ecologists and physical scientists to plan and design NEON. These research communities will all be able to participate in research only possible because of the construction of NEON.

Thank you for your past efforts on behalf of the National Science Foundation and for your thoughtful consideration of this request. If you require additional information, please contact Robert Gropp at 202-628-1500.

PREPARED STATEMENT OF JAMES CITY COUNTY, VIRGINIA

Dear Mr. Chairman and honorable members of the subcommittee: I appreciate the opportunity to submit testimony in support of an appropriation of \$1.2 million from the Coastal and Estuarine Land Conservation program in fiscal year 2007 for acquisition of two properties at Jamestown totaling 198 acres.

Since English colonists disembarked from their ship on May 14, 1607, naming the river and town for the reigning monarch, James I, the Virginia peninsula has become one of the most historic regions in the United States. It has played a role in many eras of American history including colonial, Revolutionary, and Civil War periods. Today Jamestown is protected by a variety of public and private organizations including the National Park Service, The Association for the Preservation of Virginia Antiquities, and James City County.

In one year's time, America will celebrate the quadricentennial of the landing at Jamestown. A number of events, commemorations, improvements, and enhancements are planned in order to make this celebration a one-of-a-kind event that visitors will not forget.

In order to preserve the site around Jamestown for future events and visitors and protect the important natural and coastal resources that mark the shores of the wide James River, it is critical to protect lands adjacent to the historic sites from development and inconsistent conversion. There is a limited opportunity to acquire two properties adjacent to protected lands at Jamestown, the 112-acre Jamestown Campsites and the 85.5-acre Jamestown Marina.

There are numerous historical and ecological resources on both properties. The campsites property includes 4,600 feet of James River frontage, and the site was part of the Revolutionary War battle of Green Spring. It is also a piece of the Capitol City Bike Trail linking Williamsburg to Richmond. The marina includes over 3,000 feet of shoreline on Powhatan Creek, contains 65 acres of high quality tidal wetlands, and is adjacent to the Colonial Parkway.

In fiscal year 2006, Congress appropriated \$2 million for this project. An additional appropriation of \$1.2 million in fiscal year 2007 will be used to acquire these properties in time for the Jamestown 2007 celebration next year. Federal funding will be matched by over \$9 million from James City County, the Commonwealth of Virginia and private sources.

Thank you, Mr. Chairman, for your consideration of this request and for the opportunity to present this testimony.

PREPARED STATEMENT OF THE ASME TECHNICAL COMMUNITIES' NATIONAL SCIENCE
FOUNDATION TASK FORCE

The ASME Technical Communities' National Science Foundation (NSF) Task Force is pleased to provide comments on the NSF fiscal year 2007 budget request, and supports this year's proposed funding level of \$6.02 billion for the National Science Foundation.

Founded in 1880 as the American Society of Mechanical Engineers, ASME is a worldwide engineering society of over 120,000 members focused on technical, educational and research issues. It conducts one of the world's largest technical publishing operations, holds approximately 30 technical conferences and 200 professional development courses each year, and sets many industry and manufacturing standards.

NSF FISCAL YEAR 2007 BUDGET REQUEST OVERVIEW

The National Science Foundation plays the critical leadership role in directing the Nation's non-defense related scientific and engineering research and education. Now more than ever, the Nation's future in the global economy relies on the quality of the new ideas, the competitive strength of the science and engineering workforce, and the innovative use of new knowledge generated through the research and education enterprise. As such, ASME shares NSF's broad-based, cross-cutting vision for basic engineering and scientific research and education, and strongly endorses NSF and its efforts to promote the crucial fundamental research that engenders new knowledge to meet vital national needs and to improve the quality of life for all Americans.

The total fiscal year 2007 NSF budget request is \$6.02 billion representing a \$439 million or 7.9 percent increase over the current fiscal year 2006 estimate, making the outlook for the NSF budget appear more positive than it has in the last few years. NSF had received a 3.0 percent (\$171 million) cut in fiscal year 2005, so that despite a small increase in fiscal year 2006, i.e. 1.8 percent (\$100 million), the current estimate for fiscal year 2006 is actually 1.25 percent below the fiscal year 2004 budget. The fiscal year 2007 increase benefits from the administration's recent American Competitiveness Initiative (ACI), which calls for a 10-year budget-doubling effort for NSF.

Within this request, the research directorates will receive increases between 5.4 percent and 8.2 percent, after several years of "flat" funding. Funding for the Engineering Directorate (ENG) would increase by 8.2 percent over the current year estimate to \$628.55 million, \$108.88 million of which is requested for the NSF Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs that ENG administers.

For fiscal year 2007, ENG will complete a comprehensive reorganization intended to reflect the multidisciplinary nature of engineering and the complex integration of the sub-disciplines comprising ENG. The new disciplinary-area divisions are: Chemical, Bioengineering, Environmental, and Transport Systems (CBET), \$124.4 million, Civil, Mechanical and Manufacturing Innovation (CMMI), \$152.2 million, and Electrical, Communications and Cyber Systems (ECCS), \$80.9 million. The new crosscutting-area divisions are: Industrial Innovation and Partnerships (IIP), \$120.1 million, Engineering Education and Centers (EEC), \$126.0 million, and Emerging Frontiers in Research and Innovation (EFRI), \$25.0 million. This last division is being created to provide mechanisms to rapidly respond to breakthrough innovations at the interface between divisions and directorates. The other five divisions will compete with each other to receive EFRI funds.

A portion of the ENG budget (allocated from the divisions) will continue to support research and education efforts related to broad, foundation-wide and inter-agency priority areas. Networking and Information Technology R&D (\$11.2 million), Human and Social Dynamics (\$2 million), and Climate Change Science program (\$1 million) are budgeted at the same levels as the fiscal year 2006 estimate. Biocomplexity in the Environment (\$4 million) and Mathematical Sciences (\$1.46 million) are significantly reduced, i.e. by -32.7 percent and -49.3 percent, respectively, under

fiscal year 2006, continuing their phase-downs and transferring into core programs. On the other hand, National Nanotechnology Initiative (\$137 million) and Cyberinfrastructure (\$54 million) investments from ENG increase by 7.2 percent and 3.8 percent, respectively. Additionally, ENG will lead a new \$20 million NSF-wide, interagency effort to support research on sensors, focusing on prediction and detection of explosive materials and related threats. This \$20 million effort represents 42 percent of the proposed 8.2 percent increase for ENG, and is divided evenly between the four ENG divisions of CBET, CMMI, ECCS, and EEC.

THE ASME NSF TASK FORCE POSITION

Affirmation and Endorsement

The ASME NSF Task Force continues its strong endorsement of NSF's leadership role in guiding the Nation's basic research and development activities. NSF has an outstanding record of supporting a broad spectrum of research of the highest quality, from "curiosity-driven" science to focused initiatives. This achievement has been made possible only through strict adherence to the independent peer review process for merit-based awards. ASME recognizes the importance and timeliness of NSF's priority areas that address major national needs for the 21st century.

The fiscal year 2007 budget request and its 7.9 percent increase over the appropriation enacted last year represent an encouraging step forward in the country's commitment to NSF's vital role in fostering the fundamental research that delivers the ideas, knowledge, and innovation to sustain a robust, competitive, and productive Nation. Over three-quarters of the total \$439 million increase for NSF is in the Research and Related Activities Account, which increases by \$334.5 million (7.7 percent) to a total of \$4.67 billion. This investment involves both established and emerging areas that are the wellspring for discoveries that lead to products, process, and services that improve health, wealth, living conditions, environmental quality, and national security.

In this request, NSF continues to emphasize programs aimed at tapping the potential of those underrepresented in the science and engineering workforce—especially minorities, women, and persons with disabilities. Support for these programs will total over \$640 million. Broadening participation in NSF activities also applies to institutions, which ensures that the U.S. reflects a strong capability in science and engineering across all its regions. The fiscal year 2007 request will fund the Experimental Program to Stimulate Competitive Research (EPSCoR) at \$100 million.

In general, the Task Force also supports and commends activities within ENG. NSF's vision of advancing the frontier—by generating ideas, marking out creative paths, and solving fundamental research questions—is epitomized within ENG. It is important to emphasize that it is through such fundamental science and engineering investment by which next generation technologies are spawned. Examples of successes emerging from ENG include the development of a new method to precisely carve arrays of tiny holes only 10 nanometers wide into sheets of gold by applying electric current through a thin film of oil molecules. The process may yield miniscule molecular detection devices, semiconducting connectors, molecular sieves for protein sorting, and nanojets for fuel or drug delivery. ENG has also funded pioneering work to develop a device that enables previously blind individuals to perceive light and patterns. A retinal implant uses an external camera and image-processing unit to send signals through the optic nerve to the brain. ENG's university-based research itself has developed buoys that can harness the motion of the ocean to produce electricity. Each buoy could potentially produce 250kW of power, and the technology can be scaled up or down to suit a variety of energy needs.

NSF leads the U.S. nanotechnology research effort, and ENG is the focal point within NSF for this critical national research endeavor. ASME has strongly supported the National Nanotechnology Initiative (NNI) since its inception as an NSF priority area in fiscal year 2000. By advancing fundamental research and catalyzing synergistic science and engineering research and education in emerging areas of nanoscale science and technology, we push the frontiers of knowledge and innovation, fueling our national economic enterprise. Within the total investment for NNI, ENG will fund approximately 30 new awards on Nanoscale Interdisciplinary Research Teams (NIRT) or NIRT-like projects (\$65 million across NSF).

Finally, ASME continues to endorse NSF's bolstering of K–12 education. In partnership with the Department of Education, NSF will invest \$104 million to strengthen K–12 science, technology, engineering, and mathematics education. Additionally, funding for Graduate Teaching Fellowships in K–12 Education will increase by nearly 10 percent to \$56 million. By pairing graduate students and K–

12 teachers in the classroom, effective partnerships between institutions of higher education and local school districts are established.

Questions and Concerns

Continuing with central themes raised in previous years, ASME's key questions and concerns arising from the fiscal year 2007 budget request center on matters of balance. In particular, ASME is concerned with:

- gross funding imbalance in the federal R&D portfolio,
- inadequate funding levels for existing grants, and
- insufficient funding for core disciplinary research in the ENG portfolio.

Despite the encouraging increase for NSF in fiscal year 2007 as the first installment of the new ACI NSF 10-year budget-doubling effort, the present overall budget request of \$6.02 billion is still far below the \$9.8 billion originally authorized for 2007 as part of the National Science Foundation Authorization Act of 2002 (H.R. 4664). NSF is the only federal agency with a mandate to strengthen the health and vitality of U.S. science and engineering and support fundamental research and education in all scientific and engineering disciplines. Although NSF investments account for only 4 percent of total federal funding for R&D, NSF provides 22 percent of federal support to academic institutions for basic research, which is crucial in non-medical fields and disciplines. Moreover, while NSF does not directly support medical research, its investments directly benefit the medical sciences and related industries, providing the needed advances in diagnosis, regenerative medicine, drug delivery, and the design and manufacturing of pharmaceuticals. Given NSF's essential contribution to the immediate and future welfare, growth, and vitality of our Nation, the ASME NSF Task Force believes strongly that NSF is still severely under funded.

NSF has had considerable success to date in stretching its funds. NSF is one of three agencies that have been recognized as models of excellence in Grants Management. However, this efficiency comes at the expense of quality research. The funding success rate for NSF has dropped dramatically, from 30 percent in the late 1990s to an estimated 20 percent for fiscal year 2006 agency wide. This funding success rate is estimated to be 21 percent for fiscal year 2007—a very modest increase. The number of outstanding, meritorious proposals far exceeds the available funding for new programs. Nevertheless, even maintaining current grant size and duration is not enough. An extended period of constant grant sizes has eroded buying power and the ability to adequately support professional development. The projected average annualized award size for research grants for NSF fiscal year 2007 is \$148,300, for a project duration of 3 years. Moreover, ENG has the lowest estimated funding success rate for research grants of the directorates at 14 percent for fiscal year 2006. ENG has the second lowest average annualized award size and project duration for research grants of the directorates at \$118,000 for a project duration of 2.9 years, as compared to the overall NSF average of \$143,000 for a project duration of 3 years, for estimated fiscal year 2006.

In the current budget, ENG receives the largest percent increase of the Directorates at 8.2 percent (corresponding to the second largest total amount increase at \$47.6 million). However, funding available for core programs comes into question. As noted earlier, the new Sensor initiative constitutes 42 percent of the increase for ENG. In fact, investments in the priority areas and the IIP division, which houses the SBIR/STTR program, constitute 54 percent of the budget request for ENG. The limited funding for unsolicited fundamental research proposals is of great concern, considering that new priority areas and even new disciplines are engendered from such sources. The Task Force does not advocate for the redistribution of monies from priority areas into core areas, but rather significant increases for “unfenced” funds in order to develop creative and novel ideas that feed the comprehensive fundamental Science, Engineering, and Technology knowledge base, which has been a cornerstone of this Nation's greatness.

CLOSURE

ASME supports the administration's request of \$6.02 billion for fiscal year 2007, and enthusiastically applauds the National Science Foundation's leadership in articulating the Nation's basic research and development vision. Because NSF is the only federal agency that supports all fields of science and engineering research, ASME still feels that NSF is severely underfunded. A substantial and steady increase in NSF's budget, by increasing both the number and size of its awards, especially in core disciplinary research and education, will enable NSF to better position itself to fulfill its leadership responsibility in directing the Nation's research and development activities. Thank you for the opportunity to comment on the NSF fiscal year 2007 budget request.

PREPARED STATEMENT OF THE SHOSHONE-BANNOCK TRIBES FORT HALL BUSINESS
COUNCIL

As chairman of the Shoshone-Bannock Tribes of the Fort Hall Reservation, I am pleased to submit written testimony to the subcommittee regarding President Bush's fiscal year 2007 budget for the Department of Justice and its Office of Tribal Justice. The tribes recognize the considerable financial burden which the war in Iraq and Hurricane Katrina relief effort has placed on the Federal Government. We are disheartened and concerned, however, to witness the resulting negative impact those funding priorities have caused to programs enacted for the benefit of federally recognized Indian tribes, especially funding for construction of correctional facilities, police departments, and Tribal courts.

Our physical structures for housing these essential governmental programs and personnel are unsafe, inadequate and are not up to code requirements. They require replacement. With more than one-half million acres of land to patrol and safeguard, we must operate our public safety programs wisely. Congress has documented the deplorable conditions of detention facilities in Indian country. We ask that you act and assist us and other Indian tribes to finance the construction of vital infrastructure for our reservations.

Congress can shore up the Federal Government's on-going trust responsibility by restoring and increasing proposed cuts to successful programs of the Department of Justice, including the Correctional Facilities on Tribal Lands Program, the Tribal Court Assistance Program (TCAP), the Tribal Resources Grant Program, and the Tribal Youth Program. Proposed reorganization of Justice Programs mask program cuts to these and other important Justice Department grant programs.

As Regina Schofield, Assistant Attorney General, Office of Justice Programs, has stated, the needs of Indian Tribal governments to combat crime and violence in Indian country continue to be great. The Justice Department's Office of Justice programs offer a variety of grants to Indian tribes to assist us in our efforts to curb criminal activities, assist victims of crime, and deter future criminals by educating our younger members. But without the physical structures to house our law enforcement personnel, corrections officers and detainees, and Tribal Court personnel in, or the funds required to carry out much-needed programs to assist our adult and juvenile detainees, our capabilities are unnecessarily constrained.

As always, we are appreciative of the work of this subcommittee for your many efforts to improve the quality of life for American Indians. We count on the subcommittee to counter overbroad and harmful budget cuts to programs of the Department of Justice which contribute to the safety of American Indians, who are often the victims of crime.

We request that this subcommittee significantly increase funding for Justice Department programs that assist Indian tribes construct police departments, detention facilities and Tribal Courts. Funding for the Office of Justice programs' Correctional Facilities on Tribal Lands program has dropped off significantly in the last few years. In 2006, we understand that the program will fund new construction for only one structure in Indian country, with the balance of the program's funding (less than \$2.0 million) going to assist only existing correctional facilities located in Indian country bring their structures up to code. The administration has not included funds for this program in fiscal year 2007.

The Fort Hall Business Council of the Shoshone-Bannock Tribes has made infrastructure its priority funding request for the fiscal year 2007 appropriations cycle. Building Phase II of the tribes' Justice Center is among the tribes' top priorities. The tribes have committed \$4.8 million toward construction of the 67,000 square foot Justice Center. Our Justice Center facility has been designed by Lombard Conrad Architects of Boise, Idaho. It will house the tribes' police department, Tribal Courts, and a 100-bed detention center which will have space for 20 juvenile detainees, with "sight and sound" separation. The Tribes require \$6.2 million in Federal grants and loans to finance the second phase of the project, construction of the detention center and the shell for the police department and Tribal Courts.

For too many years, a crisis has persisted regarding the lack of basic infrastructure in Indian country. In good economic times and bad, Indian country lacks adequate roads, safe drinking water, sewers, gas and electric lines, as well as law enforcement officers, Tribal Court personnel, and detention facilities to house our members and generally protect the health and safety of our members, non-Indian reservation residents, and the visiting public. As Tribal governments have grown stronger and more stable over the years, we have witnessed a decrease in federal appropriations just when our needs are greatest and tribal capabilities are at their highest.

Just as the administration and Congress recognize that stable and peaceful governments and nations can only take root when a population's basic human needs are met, the Congress must do the same for Indian country here in the United States.

We ask the Congress—which has the power of the purse and which, together with the Executive Branch, holds a position of trustee as to the Indian nations and Indian people—to restore budget cuts to already under-funded tribal programs of the Department of Justice. The administration's proposed fiscal year 2007 budget does not eliminate government excess. It cuts vital sources of revenue which the Federal Government pays directly to Tribal governments to improve our infrastructure.

Pursuant to the landmark Indian Self-Determination Act, the Shoshone-Bannock Tribes have stepped into the shoes of the Secretary of the Interior to assume her duties and obligations to the tribes and our members. We have contracted law enforcement, Tribal Courts, and detention facility operations. The Fort Hall Police Department is comprised of 34 employees with six divisions (administration, patrol, detention, communications/dispatch, criminal investigations and gang investigations). In recent years our tribal police have been helped by grants from the Department of Justice's COPS program. While we are encouraged by the administration's proposed \$16 million increase to the Tribal COPS program, the administration has cut other important Office of Justice programs which benefit Indian country. If we do not receive adequate funding, we will lose well-trained and qualified personnel. The remaining officers will work in unsuitable conditions.

Our existing structures hamper our ability to promote law and order on the Fort Hall Reservation and curtail violence from spreading off the Reservation. In 2005, the tribes entered into Memoranda of Understanding with city and county governments to facilitate the investigation and response to illegal drug activities in their respective jurisdictions. The tribes are pleased to see Congress taking affirmative measures to curb violence against Indian women. We want to do our part to curtail violence in southeastern Idaho. Our physical plant limitations make it more difficult for us to be strong partners with local law enforcement agencies at a time of growing gang and drug (methamphetamine) violence.

The Tribal Court system handles roughly 4,000 civil and criminal cases each year, in addition to 1,500 juvenile cases. With just a single working courtroom, the tribes face a severe backlog of cases. The courts must delay or dismiss cases that should be tried. The Tribal Police Department needs more space for evidence storage. Detectives and investigators share common workspace, there is no space for interviewing witnesses or informants, and the Patrol Division lacks space to write up reports. With a new structure, our law enforcement capabilities will increase tremendously.

The corrections facility space was not designed as a jail and is not up to code requirements. Just this month a detainee escaped because of the crumbling detention facility. There is no space for medical treatment or education of our tribal detainees. We would like to offer these detainees programs for continuing education (GED) as well as spiritual and culturally-appropriate programs so that they may integrate into society with improved skills. There are no visitor facilities. The layout makes it difficult to prevent visual contact between male and female detainees. There is no "sight and sound" separation of juvenile detainees. Thousands of dollars are expended each year by the tribes to house juvenile detainees in other jurisdiction's detention centers, removing them from family and community and thus increasing the risk that they will become repeat offenders.

We also are required to provide health services to American Indian detainees from other jurisdictions who avail themselves of the Indian Health Service clinic located at Fort Hall. The clinic does not receive reimbursement for the provision of health services to these individuals. If we had a state-of-the-art Tribal Justice Center, with a 100-bed detention center, we could house these American Indian detainees and provide them with the services they require and receive adequate compensation from other jurisdictions.

The Fort Hall Business Council decided in 2006 to divide construction of the fully designed Justice Center into phased construction to spread out the estimated \$17.9 million construction costs. The tribes are also exploring the feasibility of accessing private, low-interest loans to build the Justice Center.

The 100-bed detention center will have 80 adult beds and 20 juvenile beds. Excess space will be leased out to accommodate surrounding jurisdictions' American Indian adult and juvenile detainees. Leasing available bed space will provide the tribes with additional revenues to fund the operation and maintenance costs, as well as the salaries of the Justice Center detention program, thus lowering the annual operating cost of maintaining a state-of-the-art facility. BIA Office of Law Enforcement

Services officials have also stated that the U.S. Bureau of Prisons needs detention space which comply with Federal standards for its American Indian detainees.

The tribes subsidized their Indian Self-Determination Act Law Enforcement and Tribal Courts contracts with the BIA in 2004 in the amount of \$1.6 million. The tribes subsidized Indian Health Service operations with a \$3.9 million annual health insurance program for Tribal employees, permitting the IHS to bill third-party health insurers to fund their operations, as well as providing tribal revenues to shore up health programs vital to the reservation community. These funds could have been used for construction of our Justice Center. The tribes require Federal assistance to build the Justice Center so that its criminal justice programs may operate at their full potential.

The budgets of the Justice Department's Correctional Facilities on Indian Lands program, and similar programs funding construction of infrastructure in Indian country must be increased in fiscal year 2007 if we are to access the capital required to complete Phase II. State and local government officials support our Justice Center.

The Shoshone-Bannock Tribes' Police Department, corrections officers, and Tribal Court personnel keep us safe. They protect our families and communities. They save lives. In the wake of 9/11, Americans truly appreciated the sacrifice of the Nation's first responders; they put their lives on the line every day. Congress has recognized how important it is to build infrastructure on Indian reservations—law enforcement, Tribal courts, schools, health centers, roads, water and sewer systems, and utilities—if tribal communities are to attract and retain business, promote economic development, and maintain law and order in predominantly rural Indian communities. Reservations boundaries are porous and are becoming more so every day.

Thank you for affording the Shoshone-Bannock Tribes the opportunity to make known our comments regarding the President's budget proposal for the Justice Department and our needs for fiscal year 2007.

PREPARED STATEMENT OF THE PUYALLUP TRIBE OF INDIANS

Mr. Chairman, my name is Herman Dillon, Sr., Puyallup Tribal Chairman. We thank the committee for past support of many tribal issues and in your interest today. We share our concerns and request assistance in reaching objectives of significance to the Congress, the Tribe, and to 32,000+ Indians (constituents) in our Urban Service Area.

U.S. Department of Justice—Office of Tribal Justice—The Puyallup Tribe has analyzed the President's fiscal year 2007 budget and submit the following detailed written testimony to the Senate Subcommittee on the Commerce, Justice, State, the Judiciary and Related Agencies. In the fiscal year 2006 budget process, the Puyallup Tribe supported actions of Congress to restore the base level funding for various law enforcement and public safety programs. We look forward to working with the 109th Congress to insure that funding levels for programs necessary for the Puyallup Tribe to carry-out our sovereign responsibility of self-determination and self-governance for the benefit of Puyallup Tribal members and the members from approximately 435 federally recognized tribes who utilize our services are included in the fiscal year 2007 budget. The following provides a brief review of the Puyallup Tribe's priorities and special appropriation requests for fiscal year 2007:

Puyallup Nation Law Enforcement.—The Puyallup Reservation is located in the urbanized Seattle-Tacoma area of the State of Washington. The 18,061 acre reservation and related urban service area contains 17,000+ Native Americans from over 435 tribes and Alaskan villages. The Puyallup Nation Law Enforcement Division currently has 26 commissioned officers to cover 40 square miles of reservation in addition to the usual and accustomed areas. The officers are charged with the service and protection of the Puyallup Reservation 7 days a week, 24 hours a day. We currently operate with limited equipment, patrol vehicles requiring constant repair and insufficient staff levels. With the continuing increase in population, increase in gang related activities on the Puyallup Reservation and the impact of the increase in manufacturing of meth amphetamines in the region, the services of the Puyallup Nation Law Enforcement Division are exceeding maximum levels.

A major area of concern is the status of the Tribes Regional Detention Facility. Due to damages from the February 2001 Nisqually earthquake, we have had to relocate to modular/temporary facilities. As a regional detention facility, the relocation to the modular facility not only impacts the tribe's ability to house detainee's but also the approximately 173 native inmates that were incarcerated at the Puyallup Incarceration facility during the period of 2001–2002. Relocation to the modular facility has also impacted the tribes ability to house juvenile detainees. With no juve-

nile facilities, Native American youth are sent to non-native facilities. The President's budget request provides zero funding for the construction of tribal detention facilities in fiscal year 2007. Indian country will be negatively impacted by the proposed elimination of funding for tribal detention facilities. The total estimated backlog is approximately \$400 million. In fiscal year 2006, \$5 million was provided to construct tribal detention facilities. We respectfully request congressional support:

- Fund the Department of Justice—Detention Facilities Construction program for fiscal year 2007 at a minimum of \$30 million for new construction.

- Support from the subcommittee on the tribes request for funding to design and construct an Adult & Juvenile Detention Facility on the Puyallup Reservation, in the amount of \$6.5 million.

Tribal Court System.—The Tribal Court system is an independent branch of the Puyallup Tribal Government having jurisdiction over 17,000+ Indians within our service area. Jurisdiction extends throughout our 18,061 acre reservation and our U&A Grounds for Hunting and Fishing. Partial court funding is provided via a Public Law 93–638 Contract; the funding level has varied little during the past 5 years covering only costs of supplies, expenses and partial funding of the Court Administrator's salary. Compensation costs for the Judge, Prosecutor, Public Defender, Children's Court Counselor and Clerical are at best, intermittent. Current levels of federal support are grossly inadequate thereby effectively denying access to equal justice.

Operations of a Tribal Court system with jurisdiction over the 3,200+ tribal members and the 17,000+ Indians is extremely costly. Sufficient funding is needed for the salaries of the Court Administrator, Judge, Prosecutor, Public Defender, Children's Court Counselor and Clerical. Our needs to provide juvenile services and multi disciplinary investigations of child abuse and domestic violence abuse is critical. The Tribal Court System lacks the basic resources most court systems take for granted, such as; the Federal Digest, the Federal Rules decisions, Washington State Reporters and access to the Lexis Data Base. A frame work is in place for an adequate court system, however we lack sufficient funding due to competing demands/priorities we cannot provide funding to other departments—some of which attempt timely intervention strategies to lessen court involvement. We have provided supplementary support to the court system for the past 8 years. With the projected increase demand on the court system services, it is anticipated that this shortfall will increase over the next 5 years. We seek congressional support and endorsement in:

- Request subcommittee support to fund the Office of Tribal Justice—Tribal Court System at no less than \$8 million for fiscal year 2007.

Community Oriented Policing Services (COPS).—The President's budget request proposes to fund the COPS for Indian Country at \$31 million for fiscal year 2007. This represents an overall reduction in funding of 33 percent from the fiscal year 2006 enacted level. This takes into consideration the administration proposal to eliminate the Tribal Court Assistance, Indian Alcohol and Substance Abuse, and Tribal Youth programs, and have those programs funded instead through the COPS program. As stated in the U.S. Senate Committee on Indian Affairs letter to Committee on the Budget, this action could "subject these important programs to the COPS program's 3-year non-reoccurring funding scheme." This program provides an essential service to the public safety and welfare in Indian Country and assist tribal efforts to increase the number of law enforcement officers. Today, there are 1.3 law enforcement officers per 1,000 citizens in Indian county, compared to 2.9 law enforcement officers per 1,000 citizens in non-Indian communities.

The demand on law enforcement services will increase as Tribal governments continue to enhance civil and criminal justice administration and as Tribal governments play an integral role in securing America's borders, citizens and physical infrastructure. This demand is further impacted by the existing and growing "gang problem" within the boundaries of the Puyallup Reservation. These gangs are different than other reservations due to our urban setting (Puget Sound region of the State of Washington), five other city boundaries next to our exterior boundaries, six separate local jurisdictions and Interstate 5 traversing through the reservation. In an effort to combat these gang activities, the Puyallup Tribal council created a Gang Task Force from the Tribal Police Department, representatives from various tribal services divisions and community members. The Gang Task Force developed a gang policy that includes a four prong approach to gang related activities. They are: enforcement; intelligence; education; and physical-mental health. These programs are currently being implemented or being designed for use with supplies and staff being provided by the tribe. What is needed to move forward is funding in each pronged approach. Enforcement with additional officers, continued training, equipment and adequate detention facilities for adults and juveniles. Intelligence with equipment, computer software programs and staffing. Education with computer software pro-

grams, equipment and staffing. Physical-mental assistance with funding, equipment and staffing for support of family services and Tribal Health Authority. We seek congressional support and endorsement:

- Request subcommittee support to fund the Office of Tribal Justice—COPS at \$31 million for fiscal year 2007.
- Request subcommittee support in funding the Indian alcohol and Substance Abuse Demonstration program at no less than \$5 million for fiscal year 2007.
- Request subcommittee support in funding the Tribal Youth Program at no less than \$10 million for fiscal year 2007.
- Request subcommittee support in funding the “Meth Hot Spots” program to fund cleanup of meth labs at no less than \$40 million for fiscal year 2007 and request that the subcommittee issue directive language to the Department of Justice to include this amount in their fiscal year 2008 budget.
- Request subcommittee support in funding programs authorized under the Violence Against Women Act (VAWA), restore funding for these programs at \$387 million for fiscal year 2007 and request the subcommittee to issue directive language to the Department of Justice to include this amount in their fiscal year 2008 budget.

PREPARED STATEMENT OF THE CITY OF WEBSTER, TEXAS

Mr. Chairman and honorable members of the subcommittee: I appreciate the opportunity to present this testimony in support of an appropriation of \$1.54 million from the Coastal and Estuarine Land Conservation Program for the Clear Creek Park project in Webster, Texas.

Five miles south of NASA's mission control center at the Johnson Space Center, Clear Creek meanders by the City of Webster in Harris County. Flowing eastward from its source near Missouri City, Clear Creek is a tributary of the Galveston Bay estuary. As the creek nears the shores of Galveston Bay, a rich coastal ecosystem develops featuring coastal prairie, marshes, wetlands, migratory bird habitat, and riparian forests. Several parks along the corridor in both Harris and Galveston counties provide residents and visitors with opportunities for recreation, outdoor education, and other open space activities.

Webster lies at the lower end of the Clear Creek watershed and is home to diverse communities of ecologically important coastal habitats and systems. Riparian forests of willow oaks, water oaks, and cedar elms provide habitat for amphibians, owls, hawks, neotropical migrant birds, and the reddish egret, a State listed threatened bird species. Along the creek banks are several areas of coastal prairie. As less than 1 percent of North American grassland prairie remains, it is critical to protect and restore remaining native prairie lands. Near Clear Lake and the entrance to Galveston Bay, marshes, wetlands, and embayments support fish, waterfowl, and migrant birds. The bay was recognized in 1988 as an estuary of national importance in the National Estuary Program, and it is one of 28 such monitored estuaries in the Nation. The comprehensive management plan of the Galveston Bay Estuary program identified wetlands habitat loss and degradation as a priority problem in the estuarine system.

The Clear Creek corridor offers the potential for significant recreational opportunities for residents and visitors. Several parks operated by local governments extend along the creek, including Harris County's Challenger Seven Memorial Park, Galveston County's Walker Hall Park, and League City's Erikson Tract and Clear Creek Nature Park. In order to enlarge and further link this important corridor of parks and reserves, the City of Webster has proposed the acquisition of approximately 270 acres along the northern banks of the creek for a new Clear Creek Park.

Within the planned park area, the City of Webster envisions building a trail along Clear Creek for hiking and biking. The trail will also feature access to launch sites on the creek for canoeing and kayaking, small piers for fishing, observation points and decks for bird watching, and picnic areas for families. The multiple opportunities along the trail are expected to accommodate and contribute to outdoors and environmental education. The opening of a trail would also advance the Galveston Bay Estuary Program's goal of increasing public access to Galveston Bay and its tributaries.

Identified for acquisition with fiscal year 2007 funds are approximately 175 acres within the proposed Clear Creek Park boundaries, nearly 65 percent of the total planned park acreage. Once acquired, the City of Webster will own and maintain the property as a public park and conservation area. Purchase of this property is critical to the protection of habitat and recreational open space along Clear Creek, one of the few remaining unchannelized stream and river corridors in the Houston

metropolitan area. Development is currently the largest threat to habitat in the Galveston Bay estuary, and some parcels within the park area have already been sold. If additional tracts in the proposed Clear Creek Park area are developed, the creek's floodway would be degraded by loss of wetlands and increase in runoff pollutants.

The total value of this property is \$3.08 million. In order to complete its purchase, an appropriation of \$1.54 million from the Coastal and Estuarine Land Conservation program is needed in fiscal year 2007. Clear Creek Park will protect critical coastal land and provide multiple recreational possibilities to residents of Webster and other nearby communities.

Thank you, Mr. Chairman, for the opportunity to present this testimony in support of the appropriation for Clear Creek Park and for your consideration of the request.

PREPARED STATEMENT OF SANTA BARBARA COUNTY, CALIFORNIA

Mr. Chairman and Honorable Members of the subcommittee: I appreciate the opportunity to present this testimony in support of an appropriation of \$1 million from NOAA's Coastal and Estuarine Land Conservation program for Gaviota State Park.

Located in western Santa Barbara County between Coal Oil Point and Point Sal, approximately 100 miles north of Los Angeles, the Gaviota Coast lies between the Channel Islands National Marine Sanctuary and the Los Padres National Forest. Offering a wide variety of natural, recreational and agricultural resources, it is a high priority area for conservation and is southern California's largest remaining stretch of pristine coastline. This remarkable 80-mile landscape represents only 15 percent of the Southern California coast, but it contains about 50 percent of its remaining undeveloped land.

With the constant threat of urban sprawl and development, many Californians have taken an active part in preserving Gaviota's agricultural heritage and natural resources. The area is one of only five places in the world with a Mediterranean climate and associated vegetation, and it has a history of agricultural use. The topography of the area varies from rocky and narrow beaches to chaparral covered mountain slopes. There is also a variety of grassland, shrubland, and woodland habitat, with scattered vernal pool communities, estuaries, and native grasslands.

With a vast array of habitat, the Gaviota Coast is home to many species of marine and terrestrial wildlife. Marine animals found along the coast include dolphin, gray whale, the endangered Guadalupe fur seal, and steelhead trout. Terrestrial wildlife includes mountain lion, mule deer, golden eagle, and endangered species such as the California condor, brown pelican, and marbled murrelet.

Available for acquisition in fiscal year 2007, the Gaviota State Park Addition project is a 43-acre site adjacent to Gaviota State Park. This popular park unit serves 86,000 visitors annually and the addition of the subject property would enable California State Parks to expand the existing trail system, develop new trailheads, provide trailhead serving facilities for the park's many visitors and develop much-needed campgrounds. The expansion of Gaviota State Park is a top priority for State Parks and for Santa Barbara County.

Immediately adjacent to Highway 101, this 43-acre property is zoned for commercial use. Commercial land uses in these coastal foothills are incompatible with county and State efforts to prevent inappropriate development and protect critical natural, scenic, and recreational resources. Acquiring lands adjacent to the park will protect these streams from the degradation that would occur from development-related pollution.

Because of its location among other protected properties and agricultural lands, this project is part of a larger effort to piece together up to 10,000 contiguous acres of protected coastal wildlands and open space from the mountains to the sea, including the Los Padres National Forest and lands owned and managed by the local Land Trust for Santa Barbara County. The subject property is the linchpin for this larger assemblage, as it is the only property with commercial zoning on a 35-mile stretch of the Gaviota Coast. The total cost of the project is \$2.5 million, with State and local sources providing the matching funds.

An fiscal year 2007 appropriation of \$1 million from NOAA's Coastal and Estuarine Land Conservation program is needed to acquire and protect this 43-acre property. If added to Gaviota State Park, it will expand recreational opportunities, provide much needed visitor facilities, protect scenic viewshed and conserve important wildlife habitat.

Thank you, Mr. Chairman for the opportunity to present this testimony and for your consideration of the request for an appropriation of \$1 million for Gaviota State Park.

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